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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2005

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-15240

James Hardie Industries N.V.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

The Netherlands
(Jurisdiction of incorporation or organization)

Atrium, 8th floor
Strawinskylaan 3077
1077 ZX Amsterdam, The Netherlands
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common stock, represented by CHESS Units of Foreign Securities	New York Stock Exchange*
CHESS Units of Foreign Securities	New York Stock Exchange*
American Depositary Shares, each representing five units of CHESS Units of Foreign Securities	New York Stock Exchange

* Listed, not for trading, but only in connection with the registered American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act.
None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.
None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered

by the annual report: 459,373,176 shares of common stock at March 31, 2005.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☑

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PART I

Item 1. *Identity of Directors, Senior Management and Advisers*

Not Required.

Item 2. *Offer Statistics and Expected Timetable*

Not Applicable.

Item 3. *Key Information*

In this annual report, unless the context otherwise indicates, James Hardie Industries N.V., a "naamloze vennootschap," or a Dutch public limited liability company incorporated and existing under the laws of The Netherlands, is referred to as "JHI NV." JHI NV and together with its direct and indirect wholly owned subsidiaries as of the time relevant to the applicable reference, the "James Hardie Group," and JHI NV and its current direct and indirect wholly owned subsidiaries are collectively referred to as "we," "us," "our," "JHI NV and its wholly owned subsidiaries," or the "Company."

The term "fiscal year" refers to our fiscal year ended March 31 of such year; the term "dollars" or "$" refers to U.S. dollars; the term "A$" refers to Australian dollars; the term "NZ$" refers to New Zealand dollars; the term "PHP" refers to Philippine pesos; and the term "CLP" refers to Chilean pesos. The term "msf" or "thousand square feet" refers to thousands of square feet, where a square foot is defined as a standard square foot of 5/16" thickness and the term "mmsf" or "million square feet" refers to millions of square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

As a company incorporated under the laws of The Netherlands, JHI NV has listed its securities for trading on the Australian Stock Exchange ("ASX") through the use of the Clearing House Electronic Subregister System ("CHESS") Units of Foreign Securities ("CUFS"). CUFS are a form of depositary security that represents a beneficial ownership interest in the securities of a non-Australian corporation. Each of our CUFS represents the beneficial ownership of one share of common stock of JHI NV, the legal ownership of which is held by CHESS Depositary Nominees Pty Ltd. The CUFS are listed and traded on the ASX under the symbol "JHX."

The Company has also listed its securities for trading on the New York Stock Exchange ("NYSE"). The Company sponsors a program, whereby beneficial ownership of five CUFS is represented by one American Depositary Share ("ADS"), which is issued by The Bank of New York. These ADSs trade on the NYSE in the form of American Depositary Receipts ("ADRs") under the symbol "JHX." Unless the context indicates otherwise, when we refer to ADRs, we are referring to ADRs or ADSs and when we refer to our "common stock" we are referring to the shares of our common stock that are represented by CUFS.

Selected Financial Data

We have included in Item 18 of this annual report the audited consolidated financial statements of JHI NV, consisting of our consolidated balance sheets as of March 31, 2005 and March 31, 2004, our consolidated statements of changes in shareholders' equity as of March 31, 2005, March 31, 2004 and March 31, 2003, and our consolidated statements of income and cash flows for the years ended March 31, 2005, 2004 and 2003, together with the related notes thereto. For periods prior to October 19, 2001, the effective date of our corporate restructuring (see Item 4, "Information on the Company — History and Development of the Company — Corporate Restructuring"), the consolidated financial statements represent the financial position, results of operations and cash flows of ABN 60 000 009 263 Pty Ltd ("ABN 60"), which was formerly known as James Hardie Industries Limited ("JHIL") and its wholly owned subsidiaries. For periods after October 19, 2001, our consolidated financial statements represent the financial position, results of operations and cash flows of JHI NV and its wholly owned subsidiaries.

The consolidated financial statements included in this annual report have been prepared in accordance with accounting principles generally accepted in the United States, or "U.S. GAAP."

The selected consolidated financial information summarized below has been derived in part from JHI NV's financial statements. You should read the selected consolidated financial information in conjunction with JHI NV's financial statements and related notes contained in Item 18 and with the information provided in the section of this report entitled "Operating and Financial Review and Prospects" contained in Item 5. Historic financial data is not necessarily indicative of our future results and you should not unduly rely on it.

	Fiscal Years Ended March 31,				
	2005	2004	2003	2002	2001
	(In millions, except sales price per unit and per share data)				
Consolidated Statements of Income Data:					
Net Sales					
USA Fiber Cement	$ 939.2	$ 738.6	$ 599.7	$ 444.8	$ 373.0
Asia Pacific Fiber Cement(1)	236.1	219.8	174.3	141.7	152.0
Other(2)	35.1	23.5	9.6	5.2	1.3
Total net sales	$ 1,210.4	$ 981.9	$ 783.6	$ 591.7	$ 526.3
Operating income(3)	$ 196.2	$ 172.2	$ 128.8	$ 46.8	$ 40.5
Interest expense	(7.3)	(11.2)	(23.8)	(18.4)	(21.4)
Interest income	2.2	1.2	3.9	2.4	8.2
Other (expense) income(4)	(1.3)	3.5	0.7	(0.4)	1.6
Income from continuing operations before income taxes	189.8	165.7	109.6	30.4	28.9
Income tax (expense) benefit	(61.9)	(40.4)	(26.1)	(3.1)	0.6
Income from continuing operations	$ 127.9	$ 125.3	$ 83.5	$ 27.3	$ 29.5
Net income	$ 126.9	$ 129.6	$ 170.5	$ 30.8	$ 38.6
Income from continuing operations per common share — basic	$ 0.28	$ 0.27	$ 0.18	$ 0.06	$ 0.07
Net income per common share — basic	0.28	0.28	0.37	0.07	0.09
Income from continuing operations per common share — diluted	0.28	0.27	0.18	0.06	0.07
Net income per common share — diluted	0.28	0.28	0.37	0.07	0.09
Dividends paid per share	0.03	0.05	0.08	0.05	0.10
Return of capital per share	$ —	$ 0.15	$ 0.20	$ 0.05	$ —
Weighted average number of common shares outstanding					
Basic	458.9	458.1	456.7	438.4	409.6
Diluted	461.0	461.4	459.4	440.4	409.6
Consolidated Cash Flow Information:					
Cash flows provided by operating activities	$ 219.8	$ 162.6	$ 64.8	$ 76.6	$ 94.6
Cash flows (used in) provided by investing activities	(149.2)	(58.0)	237.9	(77.2)	(162.9)
Cash flows (used in) provided by financing activities	$ (28.2)	$ (87.9)	$ (279.4)	$ (40.8)	$ 1.3
Other Data:					
Depreciation and amortization(5)	$ 36.3	$ 36.4	$ 27.4	$ 23.5	$ 20.6
Adjusted EBITDA(6)	232.5	208.6	156.2	70.3	68.6
Capital expenditures(7)	$ 153.0	$ 74.1	$ 90.2	$ 50.8	$ 114.7

	Fiscal Years Ended March 31,				
	2005	2004	2003	2002	2001
	(In millions, except sales price per unit and per share data)				
Volume (million square feet)(8)					
USA Fiber Cement	1,855.1	1,519.9	1,273.6	988.5	852.3
Asia Pacific Fiber Cement(1)	376.9	362.1	349.9	320.7	318.9
Average sales price per unit (per thousand square feet)					
USA Fiber Cement	$ 506	$ 486	$ 471	$ 450	$ 438
Asia Pacific Fiber Cement(1)	A$ 846	A$ 862	A$ 887	A$ 861	A$ 857
Consolidated Balance Sheet Data:					
Net current assets(9)	$ 180.2	$ 195.9	$ 159.4	$ 115.1	$ 84.9
Total assets	1,088.9	971.2	851.8	968.0	969.0
Long-term debt(10)	147.4	165.0	165.0	325.0	357.3
Shareholders' equity	624.7	504.7	434.7	370.7	281.1

(1) Asia Pacific Fiber Cement includes all fiber cement manufactured in Australia, New Zealand and the Philippines and sold in Australia, New Zealand and Asia. See Item 5, "Notes to Results of Operations," on page 61 for additional details on sales volume and average sales price per unit in fiscal years 2004 and 2003.

(2) Includes fiber cement manufactured and sold in Chile, fiber reinforced concrete pipes manufactured and sold in the United States, fiber cement operations in Europe and roofing operations in the United States. Also includes general corporate income in fiscal years 2002 and 2001 comprised primarily of rental income from subleasing office space in Sydney, Australia.

(3) For fiscal year 2005, operating income includes Special Commission of Inquiry and other related expenses of $28.1 million. In addition, operating income includes restructuring and other operating income/expenses as follows: (i) for fiscal year 2005, $6.0 million consisting of a settlement loss of $5.3 million related to an employee retirement plan and a $0.7 million loss on the sale of land in Sacramento, California; (ii) for fiscal year 2004, $2.1 million expense primarily related to an increase in cost provisions for our Australian and New Zealand business; (iii) for fiscal year 2003, $1.0 million income related to the settlement of a terminated derivative contract; (iv) for fiscal year 2002, $12.6 million expense related to the roofing Class Action Settlement Agreement in the United States, $7.4 million expense associated with the corporate reorganization and $8.1 million expense related to the decrease in fair value of derivative contracts; and (v) for fiscal year 2001, asset write-downs, lease termination charges and employee termination costs of $15.5 million primarily associated with the restructuring of our fiber cement business in Australia and the creation of the new Asia Pacific regional structure.

(4) Consists primarily of the following: (i) for fiscal year 2005, the $1.3 million expense consisted of a $2.1 million impairment charge that we recorded on an investment in a company that filed a voluntary petition for reorganization under Chapter 11 of the U.S. bankruptcy code, partly offset by a $0.8 million gain on a separate investment; (ii) for fiscal year 2004, the net gain achieved after accounting for income items, including a $4.5 million profit on the sale of our New Zealand property, was partially offset by expense items, including $3.2 million primarily due to a capital duty fee paid in conjunction with our Dutch corporate structure; (iii) for fiscal year 2003, investment income of $0.7 million; (iv) for fiscal year 2002, investment expenses of $0.4 million; and (v) for fiscal year 2001, investment income of $1.6 million.

(5) Information for depreciation and amortization is for continuing businesses only.

(6) Represents income from continuing operations before interest income, interest expense, income taxes, other nonoperating expenses, described in footnote four above, net, depreciation and amortization charges, and certain other property, goodwill and equipment impairment charges as follows:

	Fiscal Years Ended March 31,				
	2005	2004	2003	2002	2001
("Adjusted EBITDA")					
			(In millions)		
Net cash provided by operating activities	$ 219.8	$ 162.6	$ 64.8	$ 76.6	$ 94.6
Adjustments to reconcile net income to net cash provided by operating activities, net	(61.2)	(51.1)	62.1	(41.1)	(44.8)
Change in operating assets and liabilities, net	(31.7)	18.1	43.6	(4.7)	(11.2)
Net Income	$ 126.9	$ 129.6	$ 170.5	$ 30.8	$ 38.6
Loss (income) from discontinued operations	1.0	(4.3)	(87.0)	(3.5)	(9.1)
Income tax expense (benefit)	61.9	40.4	26.1	3.1	(0.6)
Interest expense	7.3	11.2	23.8	18.4	21.4
Interest income	(2.2)	(1.2)	(3.9)	(2.4)	(8.2)
Other expense (income)	1.3	(3.5)	(0.7)	0.4	(1.6)
Depreciation and amortization	36.3	36.4	27.4	23.5	20.6
Impairment of property, plant and equipment	—	—	—	—	7.5
Adjusted EBITDA	$ 232.5	$ 208.6	$ 156.2	$ 70.3	$ 68.6

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by U.S. GAAP or as a measure of our profitability or liquidity. Not all companies calculate Adjusted EBITDA in the same manner as we have and, accordingly, Adjusted EBITDA may not be comparable with other companies. We have included information concerning Adjusted EBITDA because we believe that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements. To permit evaluation of this data on a consistent basis from period to period, Adjusted EBITDA has been adjusted for noncash charges such as goodwill and asset impairment charges, as well as nonoperating income and expense items. See our consolidated financial statements and our discussion under "Operating and Financial Review and Prospects" for further information to assist in identifying and evaluating trends in Adjusted EBITDA.

(7) Information for capital expenditures includes both cash and credit purchases, and is for continuing businesses only.

(8) Fiber cement volume is measured in 5/16" thick square feet, which are referred to as standard feet.

(9) Total current assets less total current liabilities.

(10) Includes current portion of long-term debt.

Risk Factors

We may be subject to potential liability because certain current and former James Hardie Group subsidiaries previously manufactured products that contained asbestos.

Prior to 1987, a New Zealand subsidiary in the James Hardie Group manufactured products in New Zealand that contained asbestos. Statutory provisions in New Zealand currently bar claims for compensatory damages arising from work-related asbestos exposure.

Prior to 1987, two former subsidiaries of ABN 60, Amaca Pty Limited ("Amaca") and Amaba Pty Limited ("Amaba"), which are now owned and controlled by the Medical Research and Compensation Foundation (the "Foundation"), manufactured products in Australia that contained asbestos. In addition, prior to 1937, ABN 60, which is now owned by the ABN 60 Foundation Pty Ltd ("ABN 60 Foundation"), manufactured products in Australia that contained asbestos. For reasons provided below under Item 4, "Information on the Company — Legal Proceedings," we do not believe that we will have any liability under current Australian law if future liabilities of ABN 60 or the ABN 60 Foundation exceed the funds available to those entities. However, we cannot predict with any certainty any future claims or allegations that may be made, how the laws of various jurisdictions may be applied to the facts or how the laws may change in the future. If a court of competent jurisdiction relying on applicable law at the time were to find JHI NV, our New Zealand subsidiary or another James Hardie Group subsidiary liable for damages connected with existing or former subsidiaries or their past manufacture of asbestos-containing products, we may incur significant liabilities in connection with any damages that may be awarded in the legal proceedings, in addition to the costs associated with defending against such claims. See Item 4, "Information on the Company — Legal Proceedings."

As a result of the Special Commission of Inquiry that was established in Australia to consider matters related to the Foundation, we may be subject to claims and allegations regarding asbestos-related liability and our corporate restructurings, including the corporate restructurings that resulted in the creation of the Foundation and the ABN 60 Foundation and associated intercompany transactions.

In February 2004, the Government of the State of New South Wales (the "NSW Government"), Australia established a Special Commission of Inquiry ("SCI") to investigate, among other matters, the circumstances in which the Foundation was established. The SCI heard evidence and received submissions from April 5, 2004 to August 13, 2004.

On July 14, 2004, the Company announced that it would recommend that its shareholders approve a form of statutory scheme to be developed in relation to the compensation of proven asbestos-related personal injury and death claims ("Claims") against Amaca, Amaba and ABN 60 (the "Liable Entities").

The SCI issued its report on September 21, 2004. The SCI indicated that the establishment of the Foundation and the establishment of the ABN 60 Foundation were legally effective, that any liabilities in relation to the asbestos claims for claimants remained with Amaca, Amaba or ABN 60 (as the case may be), and that no significant liabilities for those claims could likely be assessed directly against the Company. In relation to the question of the funding of the Foundation, the SCI found that there was a significant funding shortfall. In part, this was based on actuarial work commissioned by the Company indicating that the discounted value of the central estimate of the asbestos liabilities of Amaca and Amaba was approximately A$1.573 billion as of June 30, 2003. The central estimate was calculated in accordance with Australian Actuarial Standards, which differ from generally accepted practices in the United States. As of June 30, 2003, the undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba, as determined by KPMG Actuaries Pty Ltd ("KPMG Actuaries"), was approximately A$3.403 billion ($2.272 billion). The SCI found that the net assets of the Foundation and the ABN 60 Foundation were not sufficient to meet these prospective liabilities and were likely to be exhausted in the first half of 2007. The SCI's findings are not binding and if the issues were presented to a court, it might come to different conclusions on one or more of the issues.

Accordingly, shortly after the release of the SCI report on September 21, 2004, the Company commenced negotiations with the Australian Council of Trade Unions ("ACTU"), the UnionsNSW (formerly known as the Labor Council of New South Wales) and a representative of the asbestos claimants (together, the "Representatives") and subsequently also with the NSW Government, in relation to the anticipated future funding shortfall of the Liable Entities in relation to their ability to meet expected future Claims. The statutory scheme that the Company proposed on July 14, 2004 was not accepted by the Representatives.

On October 28, 2004, the NSW Government announced its preparedness to pass legislation that would alter the Company's current liability position. See Item 4, "Information on the Company — Legal Proceedings," and the risk factor below entitled "The Government of the State of New South Wales has announced that it is prepared to pass legislation that would impose retroactive liability on the Company if current negotiations between the Company, the NSW Government, the ACTU and asbestos claimants do not reach an acceptable conclusion."

On November 5, 2004, the Australian Attorney-General and the Parliamentary Secretary to the Treasurer (the two relevant ministers of the Australian Federal Government) issued a news release stating that the Ministerial Council for Corporations (the relevant body of Federal, State and Territory Ministers, "MINCO") had unanimously agreed "to support a negotiated settlement that will ensure that victims of asbestos-related diseases receive full and timely compensation from James Hardie" and if "current negotiations between James Hardie, the ACTU and asbestos victims do not reach an acceptable conclusion, MINCO also agreed in principle to consider options for legislative reform." The news release of November 5, 2004 indicated that treaties to enforce Australian judgments in Dutch and U.S. courts are not required, but that the Australian Government has been involved in communications with Dutch and U.S. authorities regarding arrangements to ensure that Australian judgments are able to be enforced where necessary. If current negotiations do not lead to an acceptable conclusion, the Company is aware of suggestions of legislative intervention, but has no detailed information as to the content of any such legislation. The NSW Government has stated that it would not consider assisting the implementation of any proposal advanced by the Company unless it was the result of an agreement reached with the unions acting through the Representatives.

On December 21, 2004, the Company announced that it had entered into a non-binding Heads of Agreement with the NSW Government and the Representatives which is expected to form the basis of a proposed binding agreement (the "Principal Agreement") under which a subsidiary of JHI NV will agree to provide, and JHI NV will guarantee, funding payments to a special purpose fund (the "SPF") established to provide funding on a long-term basis to be applied towards meeting Claims against the Liable Entities. Once executed, the Principal Agreement will be a legally binding agreement. The implementation of the Principal Agreement will be subject to a number of conditions precedent, including the delivery of an independent expert's report and approval of the Company's board of directors, shareholders and lenders.

The Heads of Agreement contained two additional conditions precedent to the Principal Agreement. The first was the conduct of a review of legal and administrative costs associated with dust diseases compensation in New South Wales and the implementation of the results of that review by legislation of the NSW Government. The purpose of this review was primarily to determine ways to reduce legal and administrative costs, and to consider the current processes for handling and resolving dust diseases compensation claims in New South Wales. The NSW Government announced its findings on March 8, 2005. Legislation was passed in the NSW Lower House (Legislative Assembly) on May 24, 2005 and the Upper House (Legislative Council) on May 25, 2005. The bill became an act on May 26, 2005. The commencement date was July 1, 2005. Based upon the passage of the act and its terms, the Company believes that this condition has been satisfied.

The second additional condition precedent contained in the Heads of Agreement pertains to the certainty of the tax deductibility of potential asbestos compensation payments. The tax deductibility of such payments is one of the determinants of affordability which is important because it preserves the Company's ability to fund its expansion and growth initiatives. It is also important to Claimants because it improves the Company's capacity to fund Claims. The Company continues to be in discussions with the Australian Taxation Office and

the Treasury of the Australian Government to ensure the tax deductibility of all proposed asbestos compensation payments. Without certainty regarding the tax deductibility of the potential asbestos compensation payments, the Company may not enter into the Principal Agreement. As noted above, this could result in legislative action being taken.

On April 15, 2005, the Company announced that it had extended the coverage of the funding arrangements agreed under the Heads of Agreement to enable the SPF to settle or meet proven Claims by members of the Baryugil community in Australia against Asbestos Mines Pty Ltd ("Asbestos Mines"), a former ABN 60 subsidiary, which conducted asbestos-related mining activities in or around Baryugil. The Company has no current right to access any Claim information in relation to Claims against Asbestos Mines, and has no current involvement in the management or settlement of such Claims. The Company's proposal to provide additional funding to the SPF will be based on actuarial assessments of the estimated Claims against Asbestos Mines. The Company's proposal is not limited as to the time period to which the Claims arose.

The Company's offer to extend the funding arrangements of the SPF to permit the SPF to meet proven asbestos-related Claims from members of the Baryulgil community is proposed to be implemented subject to the same or similar conditions applicable to funding provided to the SPF for use in meeting proven claims from Amaca, Amaba and ABN 60, including that information in relation to the proven claims is provided to the Company. Asbestos Mines has not been part of the James Hardie Group since 1976, when it was sold to Woodsreef Mines Ltd, which was subsequently renamed Mineral Commodities Ltd. From 1954 until 1976, Asbestos Mines was a wholly owned subsidiary of James Hardie Industries Limited (now ABN 60). Except as described below, the Company has not had access to any information regarding claims or the decisions taken by the Foundation in relation to them.

The parties have announced a timetable for negotiations which envisages the signing of the Principal Agreement, depending on the timing of the resolution of certain matters, in late July/early August 2005 and the shareholder meeting to consider the voluntary funding proposal being held in late September/early October 2005.

If negotiations of the Principal Agreement are completed and the Principal Agreement is subsequently executed and becomes effective, the Company may be required to make a substantial provision in its financial statements and it is possible that the Company may need to seek additional borrowing facilities. If the terms of the Principal Agreement involve the Company making payments, either on an annual or other basis, the Company's financial position, results of operations and cash flows could be materially adversely affected and its ability to pay dividends could be impaired. See Item 4, "Information on the Company — Legal Proceedings."

If no resolution is reached and implemented, it is not possible to predict what action the Foundation, the ABN 60 Foundation, the NSW Government, other state and territory governments, the Australian federal government, the Representatives or others may take or what the outcome of any such actions may be, although certain government officials and others have stated their anticipated actions in such circumstances. See Item 4, "Information on the Company — Legal Proceedings" and risk factor below entitled "The Government of the State of New South Wales has announced that it is prepared to pass legislation that would impose retroactive liability on the Company if current negotiations between the Company, the NSW Government, the ACTU and asbestos claimants do not reach an acceptable conclusion" for more information. The impact of any such actions could be materially adverse to the Company.

We have continued to incur costs associated with the SCI and other related matters including: preparation and negotiation of a Principal Agreement with the NSW Government to provide long-term funding of proven asbestos-related claims for Australian personal injury claimants against certain former James Hardie Group Australian subsidiaries; finalization of the NSW Government's review of legal and administrative costs; and in cooperating with the Australian Securities and Investments Commission's (the "ASIC") investigation into the circumstances surrounding the establishment of the Foundation. SCI and other related expenses are again likely to be material over the short-term.

In the future, we may have difficulty maintaining existing financial accommodation on their current terms, obtaining financial accommodation (debt or equity) on usual terms for other entities in the same businesses or with the same credit ratings, or obtaining certain types of financial accommodation at all. In addition, we may not be able to maintain our historical level of liquidity because we may have to make significant payments under an agreement to resolve outstanding asbestos matters.

Historically, we have sought to renew our lines of credit, term revolving loan and 364-day stand-by loan facilities each year on substantially the same terms and conditions. We have recently entered into new credit facilities with several banks. Subject to the satisfaction of customary closing conditions, these new facilities will provide us with an increased amount of liquidity compared to what was available under our previous financing arrangements. These facilities are initially for a 364-day term, but we anticipate that two-thirds of them will be extended to a five-year term if negotiation of the Principal Agreement is completed and the Principal Agreement is subsequently executed and becomes effective. The extension of a facility will only occur if the relevant bank is satisfied with the terms of the Principal Agreement. If the final position reached in the Principal Agreement is materially different from the position in the Heads of Agreement, the extension may not occur and we may have to arrange a further refinancing.

In the future, we may not be able to renew credit facilities on substantially similar terms, or at all; we may have to pay additional fees and expenses that we might not have to pay under normal circumstances; and we may have to agree to terms that could increase the cost of our debt structure. If we are unable to renew our debt on terms which are not materially less favorable than the terms currently available to us, we may have to scale back our levels of planned capital expenditure and/or take other measures to conserve cash in order to meet our future cash flow requirements.

In addition, if the terms of the Principal Agreement involve us making payments, either on an annual or other basis, our financial position, results of operations and cash flows could be materially adversely affected and our ability to pay dividends could be impaired. See also Liquidity and Capital Resources under Item 5, "Operating and Financial Review and Prospects — Liquidity and Capital Resources."

The Government of the State of New South Wales has announced that it is prepared to pass legislation that would impose retroactive liability on the Company if current negotiations between the Company, the NSW Government, the ACTU and asbestos claimants do not reach an acceptable conclusion.

If current negotiations concerning the Principal Agreement between the Company and the NSW Government do not reach an acceptable conclusion, the NSW Government has indicated that it may attempt to pass legislation that would seek to impose liability on the Company for asbestos claims on the Company. Negotiations with the NSW Government continues and no draft legislation which, if implemented, would impose retroactive liability, has been published, nor is any such legislation expected to be published while negotiations continue to progress. See Item 4, "Information on the Company — Legal Proceedings."

We have experienced product bans and boycotts and negative publicity and have been subject to other measures taken by the Representatives and others to influence the resolution of matters relating to the SCI investigation and to encourage governmental action if there is no resolution.

The Representatives and others may continue to encourage consumers and union members in Australia and elsewhere to ban or boycott the Company's products and to demonstrate or otherwise create negative publicity toward the Company in order to influence the Company's approach to discussions with the Representatives and to encourage governmental action if the discussions are unsuccessful. The Representatives and others might also take such actions in an effort to influence the Company's shareholders, a significant number of which are located in Australia, to approve any proposed arrangement. Any such measures, and the influences resulting from them, could have a material adverse impact on the Company's financial position, results of operations and cash flows.

Continued scrutiny resulting from ongoing investigations may have an adverse effect on our business.

We are currently subject to an investigation by ASIC into the circumstances surrounding the establishment of the Foundation and associated matters. We cannot predict when this investigation will be completed or what the results of this investigation will be. It is possible that we or our current or former directors and officers will be required to pay material fines, suffer other penalties or become liable to provide indemnification payments, each of which could have a material adverse effect on our business. The results of these or other investigations could materially and adversely affect our business, financial condition, results of operations or liquidity.

Our board of directors and senior management continue to devote significant attention to matters arising from and related to the Special Commission of Inquiry, including the negotiation of the Principal Agreement.

Since the establishment of the SCI, our board of directors, our senior management and others within our organization have devoted a significant amount of time and resources to investigating the allegations raised in the report of the SCI, to producing documents to and complying with requests from governmental and regulatory authorities and others, to seeking resolution of issues arising out of the SCI, to preparing and negotiating the Principal Agreement and to finalizing the NSW Government's review of legal and administrative costs. The board of directors' and management's focus on issues related to the SCI and the Principal Agreement may distract them from conducting the business of the Company, and this could adversely affect our results of operations.

Continuing negative publicity may continue to adversely affect our business.

As a result of the events that were considered by the SCI, we have been the subject of negative publicity, both in Australia and elsewhere in the world. We believe that this negative publicity has contributed to declines in the price of our publicly traded securities in 2004 and 2005, and that this publicity has resulted in increased regulatory scrutiny on us. We also believe that many of our employees are operating under stressful conditions, which may reduce morale and could lead to increased employee turnover. Continuing negative publicity could have a material adverse effect on our results of operations and liquidity and the market price of our publicly traded securities and create difficulties in attracting or retaining high caliber staff.

We may be liable for costs, penalties, fees or expenses incurred by current or former directors, officers or employees of the James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the James Hardie Group to those persons.

We may be liable for costs, penalties, fees or expenses incurred by current or former directors, officers or employees of James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the James Hardie Group to those persons. To date, with respect to the application of our indemnity obligations to proceedings of the SCI and other regulatory bodies, we have paid all legal fees and costs incurred on behalf of any current or past employee, officer or director who has been involved in any such proceeding. In addition, our indemnification obligations would generally cover costs incurred by a director or officer in responding to an ASIC investigation or any other investigation conducted by a governmental agency or a liquidator. We or a relevant subsidiary may be reimbursed under directors' and officers' insurance policies taken out by us or a relevant subsidiary. However, there is no guarantee that such insurance will cover the nature of such claims or will completely cover any claims that are covered. If such costs are not insured or substantially exceed the amount of the insurance that we maintain, our business, financial condition, results of operations and liquidity could be adversely affected.

Under the U.S.-Netherlands income tax treaty and Dutch tax law, we derive substantial tax benefits from the group finance operations of our Netherlands-based finance subsidiary, and changes in either the treaty or laws applicable to the finance subsidiary, including the recent changes to the tax treaty, could increase our effective tax rate and, as a result, reduce our future profits and cash flows.

On December 28, 2004, the United States and The Netherlands amended the U.S.-Netherlands Income Tax Treaty (prior to amendment, the "Original U.S.-NL Treaty; post amendment, the "New U.S.-NL Treaty"). We believe that, based on the transitional rules set forth in the New U.S.-NL Treaty, the Original U.S.-NL Treaty will apply to us and to our Dutch and U.S. subsidiaries until February 1, 2006. Under the Original U.S.-NL Treaty, a reduced 5% U.S. withholding tax applied to dividends, and no U.S. withholding tax applied to interest or royalties that our U.S. subsidiaries paid to JHI NV or our Dutch finance subsidiary. The Original U.S.-NL Treaty had various conditions of eligibility for reduced U.S. withholding tax rates (and other treaty benefits), all of which we satisfied. If, however, we do not qualify for the benefits under the New U.S.-NL Treaty, such dividend, interest and royalty payments would be subject to a 30% U.S. withholding tax.

Companies eligible for benefits under the New U.S.-NL Treaty qualify for a zero percent U.S. withholding tax rate on dividends. However, the New U.S.-NL Treaty has a number of new, more restrictive eligibility requirements for reduced U.S. withholding tax rates and other treaty benefits. We are in the process of changing our organizational and operational structure to satisfy the requirements of the New U.S.-NL Treaty. Accordingly, we are planning to take a number of reorganization actions to satisfy those requirements and thus remain eligible for benefits under the New U.S.-NL Treaty. However, we cannot guarantee that we can remain eligible for benefits under the New U.S.-NL Treaty, or obtain an equally favorable result. If we elect to request a formal ruling from the U.S. tax authorities regarding whether our proposed plan meets the requirements of the New U.S.-NL Treaty provisions, we cannot assure you that we will receive a favorable ruling from them. Furthermore, we may not receive a formal ruling at all. As a result, we cannot guarantee that we will continue to receive the treaty benefits. The loss of treaty benefits could significantly increase our effective tax rate in the future, which could have a material adverse impact on our financial condition, cash flows and results of operations.

We have previously concentrated our finance and treasury activities in our Dutch finance subsidiary located in The Netherlands. In addition to providing financing to our various subsidiaries, the finance subsidiary owns and develops intellectual property that it licenses to our operating subsidiaries. Under the Netherlands International Group Finance Company rules, we have obtained a ruling from the Dutch Revenue authority that allows the finance subsidiary to set aside, in a Financial Risk Reserve ("FRR"), a portion of its taxable profits from financing and from licensing its intellectual property. The amounts set aside in the FRR are free of current Dutch income tax. Consequently, the finance subsidiary will generally incur a tax rate of approximately 15% to 18% on its qualifying financing and licensing income and a 34.5% statutory rate on all other income (34.5% is the Dutch corporate income tax rate through December 31, 2004. For calendar year 2005, the Dutch corporate income tax rate is 31.5%), including any amounts involuntarily released from the FRR to cover any risks (including currency, bad debt and foreign branch losses) for which the FRR was established. The tax rate on qualifying income may be reduced to as low as approximately 7% to 10% depending on the extent to which amounts from the FRR pay for capital expenditures of our operating companies. The Dutch revenue ruling became effective on July 1, 2001 and, when issued, was to apply for 10 years so long as we satisfied the requirements of the International Group Finance Company provisions under Dutch tax law. As discussed below, the Dutch revenue ruling is set to expire on December 31, 2010.

Under the European Union Code of Conduct on Direct Business Taxation, member states of the European Union have agreed to eliminate harmful tax competition within the European Union. Accordingly, the EU Council of Economic and Finance Ministers, a working group of EU member countries, reviewed the tax regimes of all its member countries and identified certain tax concessions the Council considered as harmfully competitive and therefore in violation of the Code of Conduct. Among the identified tax concessions is the Netherlands International Group Finance Company regime. In December 2002, The Netherlands agreed to end its International Group Finance Company regime for new entrants.

In a separate but related development, the European Commission, the executive arm of the European Union, also reviewed the tax regimes of its member countries to identify tax concessions that the European Commission considered to be a form of "prohibited state aid" and, therefore, contrary to the provisions of the European Community Treaty. In February 2003, the Commission concluded that the existence of special tax concessions in certain countries, including the Netherlands International Group Finance Company regime, cannot be reconciled with EU rules regarding state aid. Accordingly, the European Commission banned certain concessionary tax regimes, including the Netherlands International Group Finance Company regime, but allowed companies then operating under that regime, including our Dutch finance subsidiary, to continue to operate under the regime until December 31, 2010. Some uncertainty exists whether, during this extended period of the International Group Finance Company regime, qualifying companies can continue to set aside profits in their FRR and defer any taxable recovery of profits from their FRR until the expiration date. Until December 31, 2010, and absent further legal developments, we intend to maintain and continue to add to the FRR of our Dutch finance subsidiary all allowable profits the subsidiary earns, and to fund capital expenditures of our operating companies with amounts from the FRR.

Although our Dutch finance subsidiary can continue to derive benefits under the Netherlands International Group Finance Company rules until December 31, 2010, we cannot guarantee that either the EU, or another relevant authority or legislative body, would not attempt to repeal the law earlier or that a court of competent jurisdiction would not invalidate it, possibly with retrospective effect.

Substantial and increasing competition in the building products industry could adversely affect our business.

Competition in the building products industry is based largely on price and, to a lesser extent, quality, performance and service. Our fiber cement products compete with products manufactured from natural and engineered wood, vinyl, stucco, masonry, gypsum and other materials as well as fiber cement products offered by other manufacturers. Some of our competitors may have greater financial and other resources than we do and, among other factors, may be less affected by reductions in margins resulting from price competition.

Some of our competitors have lowered prices of their products to compete for sales. In addition, we expect our competitors to continue to expand their manufacturing capacities, to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Increased competition by existing or future competitors could adversely impact fiber cement prices and could require us to increase our investment in product development, productivity improvements and customer service and support to compete in our markets.

Fiber cement product prices in the United States, Australia and New Zealand have fluctuated for a number of years due to the entry into the market of new producers and competition from alternative products, among other reasons, and these prices could continue to fluctuate in the future. Because of the maturity of the Australian and New Zealand markets, we believe that prices in those markets may decline and that sales volumes may not increase significantly or may decline in the future. Historically, increased sales volumes of our U.S. fiber cement products, the addition of proprietary products to our product mix and improved operating efficiencies have more than offset the decrease in pricing for such products in the United States. However, there may be future price decreases and we may not be able to offset such decreases with increased volume, new products or improved operating efficiencies. For instance, unanticipated technical problems could impair our efforts to commission new equipment aimed at improving operating efficiencies. Any of these factors could have a material adverse effect on our business, results of operations and financial condition.

If damages resulting from product defects exceed our insurance coverage, paying these damages could result in a material adverse effect on our business, results of operations and financial condition.

The actual or alleged existence of defects in any of our products could subject us to significant product liability claims. Although we do not have replacement insurance coverage for damages to, or defects in, our products, we do have product liability insurance coverage for consequential damages that may arise from the use of our products. Although we believe this coverage is adequate and currently intend to maintain this

coverage in the future, we cannot assure you that this coverage will be sufficient to cover all future product liability claims or that this coverage will be available at reasonable rates in the future. The successful assertion of one or more claims against us that exceed our insurance coverage could require us to incur significant expenses to pay these damages. These additional expenses could have a material adverse effect on our business, results of operations and financial condition.

If one or more of our fiber cement products fail to perform as expected or contain a design defect, such failure or defect, and any resulting negative publicity, could result in lower sales and may subject us to claims from purchasers or users of our fiber cement products.

Because our fiber cement products have been used only since the early 1980s, we cannot assure you that these products will perform in accordance with our expectations over an extended period of time or that there are no serious design defects in such products. If our fiber cement technology fails to perform as expected or a product is discovered to have design defects, such failure or defects, and any resulting negative publicity, could result in lower sales of our products and may subject us to claims from purchasers or users of defective products, either of which could have a material adverse effect on our business, results of operations and financial condition.

Warranty claims resulting from unforeseen defects in our products and exceeding our warranty reserves could have a material adverse effect on our business, results of operations and financial condition.

We have offered, and continue to offer, various warranties on our products, including a 50-year limited warranty on certain of our fiber cement siding products in the United States. Although we maintain reserves for warranty-related claims and legal proceedings that we believe are adequate, we cannot assure you that warranty expense levels or the results of any warranty-related legal proceedings will not exceed our reserves. If our warranty reserves are significantly exceeded, the costs associated with such warranties could have a material adverse effect on our business, results of operation and financial condition.

We may incur significant costs in the future in complying with applicable environmental and health and safety laws and regulations. A failure to comply with or a change in these laws and regulations could subject us to significant liabilities, including, but not limited to, damages and penalties.

We are subject to U.S. federal, state and local and foreign environmental and health and safety laws and regulations governing, among other matters, our operations and the use, handling, disposal and remediation of hazardous substances currently or formerly used by us or any of our affiliates. Under these laws and regulations, we may be held jointly and severally responsible for the remediation of any hazardous substance contamination at our or our predecessors' past or present facilities and at third-party waste disposal sites. We may also be held liable for any claims arising out of human exposure to hazardous substances or other environmental damage. We will continue to be liable for any environmental problems that occurred while we owned or operated any of the three gypsum facilities that we sold in April 2002. See Item 4, "Information on the Company — Capital Expenditures and Divestitures — Divestitures."

In addition, many of our products contain crystalline silica, which can be released in a respirable form in connection with manufacturing practices and handling or use. The inhalation of respirable crystalline silica at certain exposure levels is known or suspected to be associated with silicosis, potentially causing lung cancer and other adverse human health effects. We may face future costs of engineering and compliance to meet new standards relating to crystalline silica if standards are made more stringent. In addition, there is a risk that claims for silica-related disease could be made against us. We cannot assure you that we will have adequate resources, including adequate insurance coverage, to satisfy any future silica-related disease claims or that there will not be adverse business consequences in the distribution, end user or other markets. Any such claims may have a material adverse effect on our financial condition. See also Risk Factor above captioned "If damages resulting from product defects exceed our insurance coverage, paying these damages could result in a material adverse effect on our business, results of operations and financial condition."

The costs of complying with environmental and health and safety laws relating to our operations or the liabilities arising from past or future releases of, or exposure to, hazardous substances or product liability matters may result in us making future expenditures that could have a material adverse effect on our business, results of operations or financial condition. In addition, we cannot make any assurances that the laws currently in place will not change. Also, if applicable laws or judicial interpretations related to successor liability or "piercing the corporate veil" were to change, it could have a material adverse effect on our business, results of operations and financial condition. See Item 4, "Information on the Company — Legal Proceedings."

Our business is dependent on the residential and commercial construction markets.

Demand for our products depends in large part on residential construction markets and, to a lesser extent, on commercial construction markets. The level of activity in residential construction markets depends on new housing starts and residential remodeling projects, which are a function of many factors not within our control, including general economic conditions, mortgage and other interest rates, inflation, unemployment, demographic trends, gross domestic product growth and consumer confidence in each of the countries and regions in which we operate. In addition, the level of activity in construction markets also depends on our ability to grow primary demand for fiber cement and convert sales of alternative materials to sales of fiber cement. Historically, in periods of economic decline, both new housing starts and residential remodeling also decline. The level of activity in the commercial construction market depends largely on vacancy rates and general economic conditions. Because residential and commercial construction markets are sensitive to cyclical changes in the economy, downturns in the economy or a lack of substantial improvement in the economy of any of our geographic markets could negatively affect operating results. Because of these and other factors, our operating results may be subject to substantial fluctuations and the results for any prior period may not be indicative of results for any future period.

Because demand for our products in our major markets is seasonal, our quarterly results of operations may vary throughout the year.

In the United States, a large proportion of our fiber cement products are sold in three regions: the Southeast, the Southcentral and the Pacific Northwest. Demand for building products in these regions is seasonal because construction activity diminishes during the winter season. In Australia, New Zealand and the Philippines, demand for building products is also seasonal because, in Australia and New Zealand, construction activity diminishes during the summer period of December to February, and in the Philippines, construction activity diminishes during the wet season from June to September and the last half of December due to the slowdown in business activity over the holiday period. We commenced production of fiber cement products in Chile in early 2001, where markets also experience decreased seasonal construction activity from May through September.

We may experience adverse fluctuations in the supply and cost of raw materials necessary to our business. A significant reduction or cessation of shipments from an important supplier could adversely affect our business if we are unable to secure alternative supplies within a short time or on reasonable terms.

Our fiber cement business periodically experiences fluctuations in the supply and costs of raw materials, and some of our supply markets are concentrated. Cellulose fiber, silica, cement and water are the principal raw materials used in the production of fiber cement. Cellulose fiber has been subject to significant price fluctuations. Although we have not recently experienced any shortages of raw materials that have materially affected our operations, price fluctuations or material delays may occur in the future due to lack of raw materials or suppliers. The loss or deterioration of our relationship with a major supplier, an increase in demand by third parties for a particular supplier's products or materials or delays in obtaining materials could have a material adverse effect on our business, results of operations and financial condition.

If our research and development efforts fail to generate new, innovative products or processes, our overall profit margins may decrease and demand for our products may fall, which would have an adverse effect on our results of operations and financial condition.

We invest significantly in research and development because we believe that such efforts are key to sustaining and growing our existing market leadership position in fiber cement. Because profit margins for fiber cement products and building products generally erode the longer a product has been on the market, innovation is particularly important. We rely on our research and development efforts to generate new products and processes to increase demand and to protect profit margins. If our research and development efforts fail to generate new, innovative products or processes, our overall profit margins may decrease and demand for our products may fall, which would have an adverse effect on our results of operations and financial condition.

Demand for our products is subject to changes in consumer preference.

The continued development of builder and consumer preference for our fiber cement products over competitive products is critical to sustaining and expanding demand for our products. Therefore, the failure to maintain and increase builder and consumer acceptance of our fiber cement products could have a material adverse effect on our growth strategy as well as our business, results of operations and financial condition.

We rely on only a few distributors to distribute our fiber cement products and the loss of any distributor could adversely affect our business.

Our top two distributors in the United States represented approximately 45% of our total U.S. fiber cement net sales in fiscal year 2005. In addition, a large home center retailer accounted for approximately 15% of our total U.S. fiber cement net sales in fiscal year 2005. Our top two distributors in Australia and our top four distributors in New Zealand accounted for approximately 20% and 95% of our total net sales of fiber cement in Australia and New Zealand, respectively, in fiscal year 2005. We generally do not have long-term contracts with our large distributors. Accordingly, if we were to lose one or more of these distributors because our competitors were able to offer distributors more favorable pricing terms or for any other reasons, we may not be able to replace distributors in a timely manner or on reasonable terms. The loss of one or more distributors could have a material adverse effect on our business, results of operations and financial condition.

Changes in, or failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business could result in, among other consequences, the loss of our assets in such jurisdiction, the elimination of certain rights that are critical to the operation of our business in such jurisdiction, a decrease in revenues or the imposition of additional taxes or other costs.

Because we own assets, manufacture and sell our products internationally, our activities are subject to political, economic, legal and other uncertainties, including:

- changing political and economic conditions;
- changing laws and policies;
- the general hazards associated with the assertion of sovereign rights over certain areas in which we conduct our business; and
- laws limiting or conditioning the right and ability of subsidiaries and joint ventures to pay dividends or remit earnings to affiliated companies.

Although we seek to take applicable laws, regulations and conditions into account in structuring our business on a global basis, changes in, or our failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business could result in, among other consequences, the loss of our assets in such jurisdiction, the elimination of certain rights that are critical to the operation of our business in such jurisdiction, a decrease in revenues or the imposition of additional taxes. Therefore, any

change in laws, regulations, policies or conditions of a jurisdiction could have a material adverse effect on our business, results of operations and financial condition.

Our reliance on intellectual property and other proprietary information subjects us to the risk that competitors could copy our products or processes.

Our success depends, in part, on the proprietary nature of our technology, including non-patentable intellectual property such as our process technology. To the extent that a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Also, the laws of some foreign countries may not protect our intellectual property to the same extent as do the laws of the United States. In addition to patent protection of intellectual property rights, we consider elements of our product designs and processes to be proprietary and confidential. We rely on employee, consultant and vendor non-disclosure agreements and contractual provisions and a system of internal safeguards to protect our proprietary information. However, any of our registered or unregistered intellectual property rights may be challenged or exploited by others in the industry, which could harm our operating results and competitive position.

We rely on a continuous power supply and availability of utilities to conduct our operations, and any shortages or interruptions could disrupt our operations and increase our expenses.

In the manufacture of our products, we rely on a continuous and uninterrupted supply of electric power, water and natural gas as well as the availability of water, waste and emissions discharge facilities. Any future shortages or discharge curtailments could significantly disrupt our operations and increase our expenses. We currently do not have backup generators to maintain power and do not have alternate sources of power in the event of a blackout. In addition, our current insurance does not provide coverage for any damages that we or our customers may suffer as a result of any interruption in our power supply. If blackouts interrupt our power supply, we would be temporarily unable to continue operations at the affected facilities. Any future interruption in our ability to continue operations at our facilities could damage our reputation, harm our ability to retain existing customers or obtain new customers and could result in lost revenue, any of which could have a material adverse effect on our business, results of operations and financial condition.

Because we have significant operations outside of the United States and report our earnings in U.S. dollars, unfavorable fluctuations in currency values and exchange rates could have a significant negative impact on our earnings.

Because our reporting currency is the U.S. dollar, our non-U.S. operations face the additional risk of fluctuating currency values and exchange rates. Such operations may also face hard currency shortages and controls on currency exchange. Approximately 21% and 24% of our net sales in fiscal years 2005 and 2004, respectively, were derived from sales outside the United States. Consequently, changes in the value of foreign currencies (principally Australian dollars, New Zealand dollars, Philippine pesos, Chilean pesos, Euros, U.K. pounds and Canadian dollars) could significantly affect our business, results of operations and financial condition. We generally attempt to mitigate foreign exchange risk by entering, where possible, into contracts that require payment in U.S. dollars instead of the local currency, hedging transactional risk, where appropriate, and having non-U.S. operations borrow in local currencies, particularly the Philippines and Chile. Although we did not have any material interest rate swaps or forward exchange contracts outstanding as of March 31, 2005, we may enter into such financial instruments from time to time to manage our market risks. There can be no assurance that we will be successful in these mitigation strategies, or that fluctuations in foreign currencies and other foreign exchange risks will not have a material adverse effect on our business, results of operations and financial condition.

Information technology systems integration issues could disrupt our internal operations, which could have significant adverse effects on our profitability.

Beginning in fiscal year 2006, we expect to commence implementation of a new enterprise resource planning ("ERP") software system. Our ongoing systems integration work could cause portions of our

information technology infrastructure to experience interruptions, delays or cessations of service and produce system errors. We may not be successful in timely implementing these new systems, and transitioning data and other aspects of the process could be expensive, time consuming and disruptive. Any disruptions that may occur in the implementation of this new system could adversely affect our ability to accurately and timely report the financial results of our operations and otherwise efficiently operate our business, which could have a significant adverse effect on our profitability.

Our Articles of Association and Dutch law contain provisions that could delay or prevent a change of control that may otherwise be beneficial to you.

Our Articles of Association contain several provisions that could have the effect of delaying or preventing a change of control of our ownership. Our Articles of Association generally prohibit the holding of shares of our common stock if, because of an acquisition of a relevant interest (including interests held in the form of shares of our common stock, CUFS or ADRs) in such shares, a party's relevant interest in our common stock or voting rights increases from 20% or below to over 20% or from a starting point that is above 20% and below 90%. However, this prohibition is subject to exceptions, including acquisitions that result from acceptance under a takeover bid as described in our Articles of Association. Although these provisions in our Articles of Association may help to ensure that no person acquires voting control of us without making an offer to all shareholders, these provisions may also have the effect of delaying or preventing a change of control that may otherwise be beneficial to you. See Item 10, "Additional Information — Key Provisions of our Articles of Association — Limitations on Right to Hold Common Stock."

Because we are incorporated under Dutch laws, you may not be able to effectively seek legal recourse against us or our management and you may have difficulty enforcing any U.S. judgments or rulings in a foreign jurisdiction.

We are incorporated under the laws of The Netherlands. In addition, many of our directors and executive officers are residents of jurisdictions outside the United States and a substantial portion of our assets are located outside the United States. As a result, it may be difficult to effect service of process within the United States upon such persons, or to enforce outside the United States judgments obtained against such persons in U.S. courts, or to enforce in U.S. courts any judgments obtained against such persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. securities laws. In addition, it may be difficult for you to enforce, in original actions brought in courts located in jurisdictions outside the United States, rights predicated upon the U.S. securities laws.

The rights of shareholders and the responsibilities of directors under the laws of The Netherlands may not be as clearly established as under statutes or judicial precedent in existence in certain U.S. jurisdictions, and such rights under the laws of The Netherlands may differ substantially from what those rights would be under the laws of various jurisdictions in the United States.. Therefore, our shareholders may have more difficulty in challenging the actions by our directors than they would otherwise as shareholders of a corporation incorporated in the United States.

The issuance of shares of common stock or the grant of options to acquire shares of common stock could dilute the value of your shares and adversely affect the price of our common stock.

Because the authority to issue shares, and to grant rights to subscribe for shares, such as options, up to the amount of our authorized share capital, has been delegated to our Supervisory Board, the issuance of such shares or rights could dilute the value of your shares and adversely affect the price of our common stock.

In addition, if we issue a large number of our equity securities, the trading price of our equity securities could decrease. We may pursue acquisitions of businesses and may issue equity securities in connection with these acquisitions, although we do not currently have specific acquisitions planned. We may also issue equity securities to satisfy other liabilities of the Company. We cannot predict the effect, if any, that future sales or issuances of our equity securities or the availability of such securities for future sale will have on our securities market price from time to time.

If we experience labor disputes or interruptions, as we have from time to time in the past, our operations may be disrupted and our business, financial condition and results of operations may be adversely affected.

Approximately 52% of our employees in Australia and 64% of our employees in New Zealand are currently represented by labor unions. Our unionized employees are covered by a range of federal and state-based agreements in Australia and New Zealand. Our Australian and New Zealand agreements expire at various times beginning September 2005. We cannot assure you that the agreements will be renewed on reasonable terms, or at all. During the past three years, we experienced occasional strikes and work interruptions lasting up to two days in Australia. In the event we experience a prolonged labor dispute at any of our facilities, any strikes or work interruptions associated with such dispute could have a material adverse effect on our business, financial condition and results of operations.

Our effective income tax rate could increase and adversely affect our operating results.

We operate in multiple jurisdictions and pay tax on our income according to the tax laws of these jurisdictions. Various factors, some of which are beyond our control, determine our effective tax rate, including changes in or interpretations of tax laws in any given jurisdiction, our ability to use net operating losses and tax credit carry forwards and other tax attributes, changes in geographical allocation of income and expense, and our judgment about the realizability of deferred tax assets.

If we are classified as a "controlled foreign corporation" or a "passive foreign investment company," our shareholders could be subject to increased tax liability as a consequence of their investment in our securities.

Our U.S. citizen and resident shareholders could incur adverse U.S. federal income tax consequences if, for federal income tax purposes, we are classified as a "controlled foreign corporation" or a "passive foreign investment company." For information regarding these consequences, see Item 10, "Additional Information — Taxation — United States Taxation." In addition, shareholders could be adversely affected by changes in the current tax laws, regulations and interpretations thereof in the United States and The Netherlands, including changes that could have retroactive effect.

We may acquire or divest businesses from time to time, and this may adversely affect our operating results and financial condition and may significantly change the nature of the company in which you have invested.

In the past, we have divested business segments. In the future, we may acquire other businesses or sell some or all of our assets or business segments. Any significant acquisition or sale may adversely affect our operating results and financial condition and could change the overall profile of our business. As a result, the value of our shares may decrease in response to any such acquisition or sale and, upon any such acquisition or sale, our shares may represent an investment in a company with significantly different assets and prospects from the Company when you made your initial investment in us.

Our current Chief Executive Officer and Chief Financial Officer were appointed in October 2004 after the resignations of our former Chief Executive Officer and Chief Financial Officer.

Although our current Chief Executive Officer has been employed by us for 14 years, he has been serving as our CEO for less than one year. Our Chief Financial Officer has also been with us for less than one year. Because of the unscheduled nature of the departure of our former CEO and CFO, and the essentially concurrent appointment of our current CEO and CFO, there was little time available to smoothly transition over to the current CEO and CFO. Accordingly, it may take time for our new CEO and CFO to effectively transition into their new roles and to develop effective working relationships with our board of directors, employees, shareholders and others. We cannot assure you that this restructuring of our senior management will not adversely affect our results of operations or otherwise adversely affect us.

Forward-Looking Statements

This annual report contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of forward-looking statements include:

- projections of our operating results or financial condition;
- statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;
- statements about our future performance;
- statements about product or environmental liabilities; and
- expectations about payments to a special purpose fund for the compensation of proven asbestos-related personal injury and death claims.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "should," "aim" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under "Risk Factors" beginning on page 6, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie Group subsidiaries; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the successful transition of our new senior management. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.

Item 4. *Information on the Company*

History and Development of the Company

Our legal name was changed to James Hardie Industries N.V. from RCI Netherlands Holdings B.V. in July 2001 when our legal form was converted from a *"besloten vennootschap met beperkte aansprakelijkheid"* (a "B.V."), or private limited liability company, to a *"naamloze vennootschap"* (a "N.V."), or a public limited liability company whose stock, unlike a private limited liability company, may be transferred without executing a notarial deed if such company is listed on a recognized stock exchange. We operate under Dutch law. Our corporate seat is located in Amsterdam, The Netherlands. The address of our registered office in The Netherlands is Atrium, 8th floor, Strawinskylaan 3077, 1077 ZX Amsterdam. The telephone number there is 011 31 20 301 2980. Our Company Secretary is Mr. Benjamin Butterfield who is based in The Netherlands.

Corporate Restructuring

On July 2, 1998, James Hardie Industries Limited ("JHIL"), now called ABN 60, which was then a public company organized under the laws of Australia and listed on the Australian Stock Exchange, announced a plan of reorganization and capital restructuring (the "1998 Reorganization").

James Hardie N.V. ("JHNV") was incorporated in August 1998 as an intermediary holding company, with all of its common stock owned by indirect subsidiaries of ABN 60. On October 16, 1998, the shareholders of ABN 60 approved the 1998 Reorganization. We began our restructuring in November 1998, primarily to address the structural imbalance and resulting operational, financial and commercial issues associated with the increasing significance and growth opportunities of our U.S. operations and the location of corporate management and our shareholder base in Australia. At that time, we successfully completed:

- the formation of JHNV;
- the transfer to subsidiaries of JHNV of all of our fiber cement businesses, our U.S. gypsum wallboard business, our Australian and New Zealand building systems business and our Australian windows business, all of which, except for fiber cement, were subsequently sold;
- a debt financing, consisting of an issuance of notes to U.S. purchasers, and the arrangement of an Australian credit facility; and
- the relocation of most of our senior executives and managers to our operational headquarters in the United States.

On July 24, 2001, ABN 60 announced a further plan of reorganization and capital restructuring (the "2001 Reorganization"). On October 19, 2001, we completed our 2001 Reorganization. This restructuring was done to provide us with a more efficient financial structure in light of potential global expansion, to allow us to use our stock for acquisitions if necessary and to increase overall returns to our shareholders. The 2001 Reorganization consisted of the following:

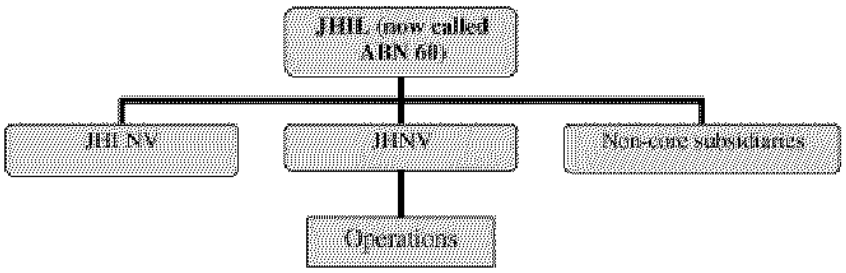
- the issuance of shares of JHI NV common stock represented by CUFS to substantially all ABN 60 shareholders in exchange for their shares of ABN 60 common stock pursuant to an approved Australian scheme of arrangement;
- the transfer by ABN 60 of all of the outstanding shares of JHNV (which directly or indirectly held substantially all of the assets of the James Hardie Group at that time) to JHI NV;
- a capital reduction and payment of a dividend by ABN 60 to its then sole shareholder, JHI NV;
- the issuance by ABN 60 of 100,000 partly-paid ordinary shares to JHI NV for a total issue price approximately equal to the market value of the James Hardie Group immediately prior to the scheme's implementation (which equaled approximately A$1.9 billion). There was an initial subscription price paid of A$50 per partly-paid ordinary share (that is, for a total subscription price for such shares of A$5 million), and the remainder was left uncalled. A partly-paid share is a share that is issued with only part of its value paid by the owner of the share. The partly-paid shares were issued by ABN 60 to enable it to call on JHI NV for funds in the future if ABN 60 needed such funds to maintain its solvency;
- The Deed of Covenant and Indemnity provided that, apart from ABN 60's limited financial obligations to Amaba and Amaca under the deed (for which ABN 60, at the time of the establishment of the ABN 60 Foundation, had been provided with funds to invest so as to be able to meet those obligations), ABN 60 had no further obligations to Amaca or Amaba in connection with their asbestos-related liabilities, and that ABN 60 was indemnified by those entities in the event that ABN 60 incurred or suffered any such liabilities;
- the listing of the shares of JHI NV represented by CUFS on the Australian Stock Exchange and the listing of ADRs, representing CUFS, which in turn represent shares of JHI NV, on the New York Stock Exchange; and
- the establishment of a Dutch financing subsidiary, James Hardie International Finance B.V. ("JHIF BV").

As a result of the share exchange, ABN 60 shareholders ceased to hold any direct interest in ABN 60 and instead became the holders of interests in JHI NV common shares, receiving substantially their same proportional ownership interests in the Company as they had in ABN 60 before exchanging their shares.

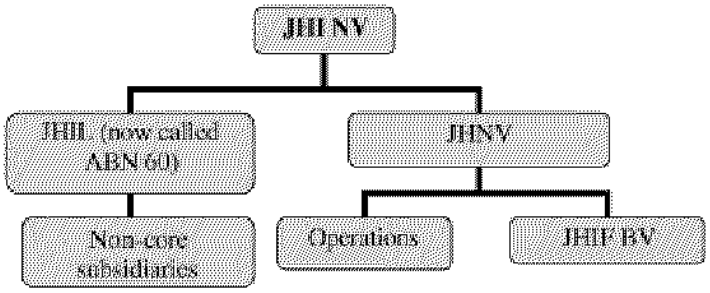
In addition, as a result of the exchange, ABN 60 and JHNV became direct subsidiaries of JHI NV.

The 2001 Reorganization is generally depicted in the following simplified diagrams:

Before



After



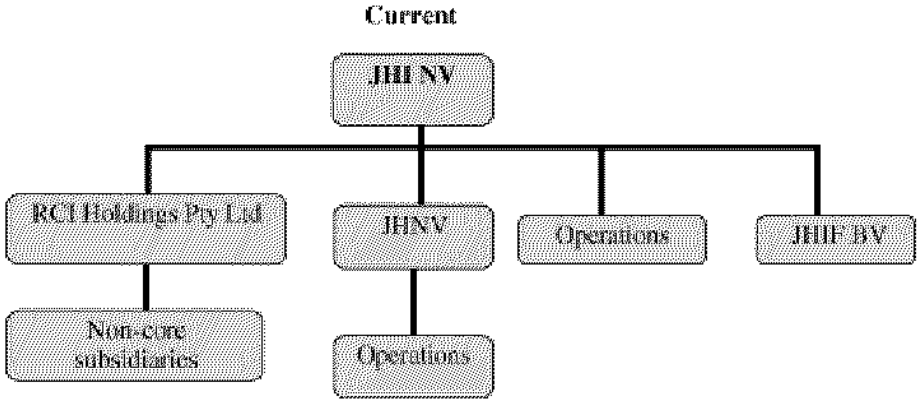
Following the 2001 Reorganization, JHI NV controlled the same assets and liabilities as ABN 60 controlled immediately prior to the 2001 Reorganization.

During fiscal year 2003:

- JHI NV and ABN 60 cancelled the partly-paid shares. The decision to cancel the partly-paid shares was taken by the directors of ABN 60 who did so based on a determination that the reduction in capital would not materially prejudice ABN 60's ability to pay its creditors, including Amaba and Amaca, which, under the terms of the Deed of Covenant and Indemnity, were creditors of ABN 60 only to the extent of the limited financial obligations under that Deed. The directors determined that the funds in ABN 60 at that time would be sufficient for any such creditors;
- ABN 60 transferred control of all of its non-operating subsidiaries to RCI Holdings Pty Ltd, a wholly owned subsidiary of JHI NV, to distinguish between the operating group of companies and non-operating subsidiaries; and
- Following the consolidation of the operating assets of the James Hardie Group under JHI NV and JHNV in fiscal year 2003, the principal activity of ABN 60 was paying amounts in accordance with the Deed of Covenant and Indemnity. As described above, ABN 60 was regarded as having more than sufficient funds invested to enable it to meet its liabilities in full as they became due and payable. Also, at that time, the cash position of the Company had improved significantly as a result of the sale of the Company's Gypsum business in the United States and the impending sale of a gypsum mine in Nevada. Despite such cash position and the ability of ABN 60 to meet its obligations under the Deed of Covenant and Indemnity, the presence of the Company's obligation to ABN 60 was constraining the Company's borrowing capacity because U.S. GAAP required the amount of the liability under the Deed of Covenant and Indemnity to be recorded on an undiscounted basis. On March 31, 2003, following a review of all available options to address this issue and after a thorough review had been conducted to determine that the funds available to ABN 60 would be sufficient to meet the claims of all creditors, the shares in ABN 60 were transferred to a newly established company named the

ABN 60 Foundation. ABN 60 Foundation was established to be the sole shareholder of ABN 60. ABN 60 is managed by independent directors and operates entirely independently of the Company.

The following is a simplified diagram of our current corporate structure:



Recent Developments

Special Commission of Inquiry and Related Developments

In February 2004, the NSW Government established a SCI to investigate, among other matters, the circumstances in which the Foundation was established. Shortly after the release of the SCI report, on September 21, 2004, the Company commenced negotiations with the Representatives, and subsequently with the NSW Government, in relation to the anticipated future funding shortfall of the Liable Entities and their ability to meet expected future claims. On December 21, 2004, the Company announced that it had entered into a non-binding Heads of Agreement with the NSW Government and the Representatives in relation to the principles on which a subsidiary of JHI NV would agree to provide, and JHI NV would guarantee, funding payments to a special purpose fund, which would be established to provide funding on a long-term basis for Claims against the Liable Entities.

Since December 2004, the Company has been involved in negotiations with the NSW Government on a binding agreement, which is referred to as the Principal Agreement. Additional information about the SCI and related matters can be found below under the heading "Legal Proceedings" and above under Item 3, "Risk Factors."

Costs incurred during fiscal year 2005 associated with the SCI and other related matters totaled $28.1 million and included: $6.8 million related to the SCI; $4.9 million related to the internal investigation conducted by independent legal advisers, consistent with U.S. securities regulations, of the impact on our financial statements of allegations of illegal conduct raised during the SCI and any potential impacts on the financial statements (the investigation found there was no impact on our 2004 financial statements); $1.2 million related to the ASIC investigation into the circumstances surrounding the creation of the Foundation; $6.4 million for resolution advisory services; $6.0 million in severance and consulting payments to former executives; and $2.8 million for other matters.

Australian Securities and Investments Commission Investigation

On September 22, 2004, the ASIC announced that it was conducting an investigation into potential contraventions of certain Australian laws arising from the transactions considered by the SCI. To date, ASIC has announced that it is investigating various matters, but it has not specified the particulars of alleged contraventions under investigation, nor has it announced that it has reached any conclusion that any person or entity has contravened any relevant law. See also "Legal Proceedings" below.

Board and Management Changes

On August 11, 2004, Mr. Alan McGregor resigned as Chairman of the Supervisory Board due to his continuing ill health and Ms. Meredith Hellicar was appointed Chairman of the Supervisory Board. On August 25, 2004, Mr. McGregor resigned from the Joint and Supervisory Boards and from all board committees on which he served.

On September 28, 2004, the Company announced that Mr. Peter Macdonald and Mr. Peter Shafron were standing aside as Chief Executive Officer and Chief Financial Officer, respectively.

On October 20, 2004, Mr. Shafron resigned from his position as Chief Financial Officer. Mr. Russell Chenu was appointed as Executive Vice President — Australia and interim Chief Financial Officer on October 21, 2004. On February 14, 2005, Mr. Chenu was appointed as our Chief Financial Officer.

On October 21, 2004, Mr. Macdonald resigned from his position on the Managing Board and as Chief Executive Officer. On the same day, Mr. Louis Gries was appointed as an interim member of the Managing Board (in accordance with Article 15.4 of the Company's Articles of Association) and was named interim Chief Executive Officer. On February 14, 2005, Mr. Gries was appointed as our Chief Executive Officer. Mr. Gries' appointment as a member of the Managing Board will be considered by the Company's shareholders at the next General Meeting.

Also on October 21, 2004, Mr. Folkert Zwinkels resigned from the Managing Board and Mr. W. (Pim) Vlot, the Company's Secretary at the time, was appointed as an interim member of the Managing Board (in accordance with Article 15.4 of the Company's Articles of Association) on the same day. On April 30, 2005, Mr. Zwinkels resigned from the Company.

On June 30, 2005, Mr. Vlot's temporary employment agreement expired by its terms. On July 1, 2005, Mr. Butterfield, the Company's General Counsel, was appointed as an interim member of the Managing Board and Company Secretary. Mr. Butterfield's appointment as a member of the Managing Board will be considered by our shareholders at the next General Meeting.

Debt Facilities

In June 2005, we entered into new unsecured debt facilities totaling $355 million. The new debt facilities are revolving U.S. dollar cash advance facilities involving agreements with six banks, and replaced our previous revolving and stand-by loan facilities. See "Material Contracts" section under Item 10, "Additional Information."

General Overview of Our Business

Based on net sales, we believe we are the largest manufacturer of fiber cement products and systems for internal and external building construction applications in the United States, Australia, New Zealand and the Philippines, and the second largest manufacturer of flat sheet fiber cement products in Chile. Fiber cement is currently one of the fastest growing segments of the U.S. residential exteriors industry. Based on our knowledge, experience and third-party data regarding our industry, we estimate that total U.S. industry shipments of fiber cement siding, trim, soffit and fascia were approximately 1.7 billion square feet during fiscal year 2005, an increase of approximately 19% from fiscal year 2004. Based on our knowledge, experience and third-party data, we estimate that we have 25% to 35% of the USA Interior Cement Board Market. We market our fiber cement products and systems under various Hardi brand names and other brand names such as Cemplank® siding, Sentry® siding and Artisan™ roofing. We believe that, in certain applications, our fiber cement products and systems provide a combination of distinctive performance, design and cost advantages when compared to other fiber cement products and alternative products and systems that use solid wood, engineered wood, vinyl, brick, stucco or gypsum wallboard.

The sale of fiber cement products in the United States accounted for 78%, 75% and 77% of our total net sales from continuing operations in fiscal years 2005, 2004 and 2003, respectively.

Our fiber cement products are used in a number of markets, including new residential construction (single and multi-family housing), manufactured housing (mobile and pre-fabricated homes), repair and remodeling and a variety of commercial and industrial applications (stores, warehouses, offices, hotels, motels, schools, libraries, museums, dormitories, hospitals, detention facilities, religious buildings and gymnasiums). We manufacture numerous types of fiber cement products with a variety of patterned profiles and surface finishes for a range of applications, including external siding and soffit lining, roofing, internal linings, facades, fencing, pipes and floor and tile underlayments. In contrast to some other building materials, fiber cement provides durability attributes, such as strong resistance to moisture, fire, impact and termites, requires relatively little maintenance and can be used as a substrate to create a wide variety of architectural effects with textured and colored finishes. During fiscal year 2005, management believes, based on its analysis of competitors' sales that we sold approximately 90% of all fiber cement products sold in the United States, approximately 65% of all fiber cement products sold in Australia and approximately 90% of all fiber cement products sold in New Zealand. Based on our knowledge, experience and third-party data regarding our industry, we estimate that we sold approximately 12% of the estimated 12½ billion square foot U.S. exteriors market total (siding, fascia, trim and soffit) in fiscal year 2005.

The breakdown of our net sales by product category and geographic area for each of our last three fiscal years is as follows:

	Fiscal Year Ended March 31,		
	2005	2004	2003
	(In millions)		
Continuing Operations			
Fiber Cement			
United States	$ 939.2	$ 738.6	$ 599.7
Asia Pacific	236.1	219.8	174.3
Other	35.1	23.5	9.6
Total Continuing Operations	$ 1,210.4	$ 981.9	$ 783.6
Discontinued Operations			
Gypsum (United States)	$ —	$ —	$ 18.7
Building Systems (New Zealand)	—	2.9	20.1
Total Discontinued Operations	$ —	$ 2.9	$ 38.8
Total (Continuing and Discontinued Operations)	$ 1,210.4	$ 984.8	$ 822.4

Industry Overview

U.S. Housing Industry and Fiber Cement Industry

In the United States, fiber cement is principally used in the residential building industry, which fluctuates based on the level of new home construction and the repair and remodeling of existing homes. The level of activity is generally a function of interest rates, inflation, unemployment levels, demographic trends, gross domestic product growth and consumer confidence. Demand for building products is also affected by residential housing starts and existing home sales, the age and size of the housing stock and overall home improvement expenditures. According to the U.S. Census Bureau, annual domestic housing starts increased from approximately 1.61 million in calendar year 2002 to approximately 1.96 million in calendar year 2004 and residential remodeling expenditures increased from approximately $173.3 billion in calendar year 2002 to approximately $198.6 billion in calendar year 2004.

Based on our knowledge, experience and third-party data regarding our industry, we estimate that total U.S. industry shipments of fiber cement siding, trim, soffit and fascia were approximately 1.7 billion square feet during fiscal year 2005, up approximately 19% from fiscal year 2004. The future growth of fiber cement

products will depend on overall demand for building products and on the rate of penetration of fiber cement products against competing materials such as wood, engineered wood (hardboard and oriented strand board), vinyl, masonry and stucco.

In the United States, the largest application for fiber cement products is in the external siding industry. Fiber cement is one of the fastest growing segments of the siding industry. Continued strength in residential construction combined with gains in the repair and remodel market have resulted in strong demand for external siding products. Based on our knowledge, experience and third-party data regarding our industry, we estimate that we sold approximately 12% of the estimated 12½ billion square foot U.S. exteriors market total (siding, fascia, trim and soffit) in fiscal year 2005. Siding is a component of every building and it usually occupies more square footage than any other building component, such as windows and doors. Selection of siding material is based on installed cost, durability, aesthetic appeal, strength, weather resistance, maintenance requirements and cost, insulating properties and other features. Different regions of the United States show a decided preference among siding materials according to economic conditions, weather, materials availability and local taste. The principal siding materials are solid wood, engineered wood, fiber cement, vinyl, masonry and stucco. Vinyl has the largest share of the siding market. In recent years, fiber cement has been gaining market share against vinyl and wood and engineered wood products. In wood and engineered wood products, share growth is believed to be due to durability concerns and higher maintenance requirements of those products.

In the U.S. civil construction market, large diameter pipes are used for major public infrastructure projects such as storm water, sewer, water distribution and other non-pressurized drainage applications. According to the most recent Freedonia Report on Large Diameter Pipes, approximately 184 million linear feet of large diameter pipes is manufactured annually in the United States. Of this amount, approximately 46% is used for storm water and sewer applications, approximately 19% is used in drainage and irrigation applications and approximately 35% is used for a variety of other applications. According to the report, the amount of large diameter pipes that is expected to be manufactured is currently expected to grow at a rate of approximately 2.4% annually.

International Fiber Cement Industry

In Australia and New Zealand, fiber cement building products are used in both the residential and commercial building industries with applications in external siding, internal walls, ceilings, floors, soffits and fences. The residential building industry represents the principal market for fiber cement products. We believe the level of activity in this industry is generally a function of interest rates, inflation, unemployment levels, demographic trends, gross domestic product growth and consumer confidence. Demand for fiber cement building products is also affected by the level of new housing starts and renovation activity. According to the Australian Bureau of Statistics, new housing starts in Australia grew from approximately 139,898 in calendar year 2001 to approximately 165,094 in calendar year 2004. Renovation activity, as measured in local currency expenditures by the Australian Bureau of Statistics, has increased steadily each year from calendar year ended December 31, 2001 to calendar year ended December 31, 2004 for a total increase over this period of approximately 46%. According to Statistics New Zealand, new dwellings authorized in New Zealand grew from approximately 21,262 in fiscal year 2002 to 30,255 in fiscal year 2005. Residential renovation activity in New Zealand has steadily increased each year from fiscal year 2002 to fiscal year 2005 for a total increase over this period of approximately 56%.

Fiber cement products have gained broader acceptance across a range of product applications in Australia and New Zealand than in the United States primarily due to their earlier introduction. Former subsidiaries of ABN 60 developed fiber cement in Australia as a replacement for asbestos cement in the early 1980s. Asbestos sheet production ceased in the early 1980s and asbestos pipe-based production ceased in early 1987. Competition has intensified over the past nine years in Australia. In addition to competition from solid wood, engineered wood, wallboard, masonry and brick, two Australian competitors have established fiber cement manufacturing facilities in Australia and fiber cement imports are also available. Competition has also intensified in New Zealand as fiber cement imports have increased, resulting in increasingly competitive market pricing.

Management believes that fiber cement has good long-term growth potential in some Asian markets because of the benefits of framed construction over traditional masonry construction. In addition, we believe the opportunity to replace wood-based products, such as plywood, with more durable fiber cement will be attractive to consumers in these markets.

Products

We manufacture fiber cement products in the United States, Australia, New Zealand, the Philippines and Chile. In fiscal year 2004, we also commenced our Europe Fiber Cement business by distributing our fiber cement products in the U.K. and France. Our total product offering is aimed at the building and construction markets, including new residential construction, manufactured housing, repair and remodeling and a variety of commercial and industrial building applications.

We offer a wide range of fiber cement products for both exterior and interior applications, some of which have not yet been introduced into the United States. In the United States and elsewhere, our products are typically sold as planks or flat sheets with a variety of patterned profiles and finishes. Planks are used for external siding while flat sheets are used for internal and external wall linings and floor underlay. At our Plant City, Florida facility, we manufacture fiber reinforced concrete pipes for use as large diameter storm water and non-pressurized drainage applications. Outside the United States, we also manufacture fiber cement products for use in other applications such as building facades, lattice, fencing, decorative columns and ceiling applications.

We have developed a proprietary technology platform that enables us to produce thicker yet lighter-weight fiber cement products that are generally lighter and easier to handle than traditional building products. The first application of this technology has been our Harditrim plank. Harditrim® plank is a fiber cement trim product that is used on the exterior of residential and commercial construction to replace traditional wood and engineered wood trim. Harditrim plank was launched in fiscal year 1999, with the introduction of Harditrim® HLD® plank, from our Cleburne, Texas plant and demand has been strong since that time. A new production process for manufacturing Harditrim plank was completed at the Cleburne plant and production commenced in fiscal year 2002. Additional trim capacity was added in the Peru plant in fiscal years 2004 and 2005.

We believe that our products provide certain performance, design and cost advantages. The principal fiber cement attribute in exterior applications is durability, particularly when compared to competing wood and wood-based products, while offering comparable aesthetics. Our fiber cement products exhibit superior resistance to the damaging effects of moisture, fire, impact and termites compared to wood and wood-based products, which has enabled us to gain a competitive advantage over competing products. Vinyl siding products generally have better durability characteristics than wood-based products, but typically cannot duplicate the superior aesthetics of fiber cement and lack the characteristics necessary for effectively accepting paint applications.

Our fiber cement products provide strength and the ability to imprint simulated patterns that closely resemble patterns and profiles of traditional materials such as wood and stucco. The surface properties provide a superior paint-holding finish to wood and engineered wood products such that the periods between necessary maintenance and repainting are longer. Compared to masonry construction, fiber cement is lightweight, physically flexible and can be cut using readily available tools. This makes fiber cement suitable for lightweight construction across a range of architectural styles. Fiber cement is well suited to both timber and steel framed construction.

In our interior product range, our ceramic tile underlayment products provide superior handling and installation characteristics compared to fiberglass mesh cement boards. Compared to wood and wood-based products, our products provide the same general advantages that apply to external applications. In addition, our fiber cement products exhibit less movement in response to exposure to moisture than many alternative competing products, providing a more consistent and durable substrate on which to install tiles. In internal lining applications where exposure to moisture and impact damage are significant concerns, our products provide superior moisture resistance and impact resistance to traditional gypsum wet area wallboard and other competing products.

Our strategy in our USA Hardie Pipe business is to establish Hardie® Pipe as the preferred solution for stormwater applications that use pipes with diameters ranging from 12" to 36". We believe that Hardie® Pipe continues to offer advantages to the mid-size drainage pipe market because our product features span both traditional concrete pipes and newer flexible pipes. We offer the initial crush strength of rigid pipes, combined with the lighter-weight, longer lengths and ease of installation of flexible pipes. The result is productivity gains over rigid pipes and less installation and service risk than with flexible pipes.

We seek to emphasize the performance attributes of our products and continue to develop new products that, due to the materials used and the process technology employed in their manufacture, may be difficult for competitors to emulate. While no assurances can be given, we believe that the proprietary nature of these products, our ability to competitively source raw materials for these products and the economies of scale that are derived from their manufacture should assist our efforts to maintain our leadership and low cost competitive position. See "Research and Development."

In fiscal year 2000, we launched Hardibacker 500® tile underlayment, a new ½ inch thick tile backer board in the United States. This enabled us to increase sales of products to home center retailers which access the building trade and home repair markets. We also continued to expand sales of our Harditrim® HLD® plank, a new generation of low density fiber cement trim products, which was first introduced in 1999, for residential construction that further extended our product range and enhanced our reputation as a leader in fiber cement product innovation. The addition of Harditrim® HLD® plank enabled us to offer a fiber cement system for residential construction that gave builders the option to completely replace wood and engineered wood products with fiber cement in most exterior applications. We introduced the ColorPlus™ collection, a new finished product available in specific lap siding, shingles, trim, fascia and soffit products, during fiscal year 2002. In fiscal year 2003, we expanded our new line of pre-finished exterior products, the ColorPlus™ collection, with the addition of several new colors, and successfully launched a new all-weather low density trim product utilizing our new proprietary XLD® trim low density fiber cement technology. We also launched our new improved proprietary grid ¼" backer product EzGrid® underlayment. In fiscal year 2004, we introduced pre-finished trim accessories to further expand our ColorPlus™ collection line. And the first commercial sales of our Artisan™ Roofing product were made in the second half of fiscal year 2004. In fiscal year 2005, we expanded our ColorPlus™ collection manufacturing capacity and capabilities to meet increasing demand for the ColorPlus™ collection. Additional colors were added to the ColorPlus™ collection of plank, soffit and trim to expand the ColorPlus™ collection line. Additionally, in the past five years, we launched many new textures, styles and coatings in fiber cement siding products in the United States to capitalize on demand for a variety of styles among homebuilders and homeowners. In Australia and New Zealand, new products released over the past three years include EziGrid® Tile Underlay, Eclipsa™ Eaves Lining, Linea® weatherboards, ExoTec® Façade Panel and Hardirock® board (Australia only). In fiscal year 2005, in the Philippines, we continued with our Hardiflex® board penetration against plywood applications in ceilings, walls and eaves, as well as focused on growing our share against timber fascia board applications with our Hardiflex Senepa product line.

Seasonality

Our earnings are seasonal and typically follow activity levels in the building and construction industry. In the United States, the calendar quarters ending in December and March generally reflect reduced levels of building activity depending on weather conditions. In Australia and New Zealand, the calendar quarter ending in March is usually affected by a slowdown due to summer holidays. In the Philippines, construction activity diminishes during the wet season from June through September and during the last half of December due to the slowdown in business activity over the holiday period. In Chile, we also experience decreased construction activity from May through September due to weather conditions. Also, general industry patterns can be affected by weather, economic conditions, industrial disputes and other factors.

Raw Materials

All of the raw materials required in the manufacture of our fiber cement products are available from a number of sources and we have not experienced any shortages that have materially affected our operations.

The principal raw materials used in the manufacture of fiber cement are cellulose fiber (wood-based pulp), silica (sand), portland cement and water.

Cellulose Fiber. Reliable access to specialized, consistent quality, low cost pulp is critical to the production of fiber cement building materials. Cellulose fiber is sourced from New Zealand, the United States, Canada and Chile, and is processed to our specifications. It is further processed using our proprietary technology to provide the reinforcing material in the cement matrix of fiber cement. We have developed a high level of internal expertise in the production and use of wood-based pulps. This expertise is shared with pulp producers, which have access to appropriate raw wood stocks, in order to formulate superior reinforcing pulps. The resulting pulp formulas are typically proprietary and are the subject of confidentiality agreements between the pulp producers and us. Although we have entered into contracts to hedge pulp prices in the past, we currently have none in effect. However, we continue to evaluate options on agreements with suppliers for the purchase of pulp that could fix our pulp prices over the longer-term.

Silica. High purity silica is sourced locally by the various production plants. In the majority of locations, we use silica sand as a silica source. In certain other locations, however, we process quartz rock and beneficiate silica sand to ensure the quality and consistency of this key raw material.

Cement. Cement is acquired in bulk from local suppliers and is supplied on a just-in-time basis to our manufacturing facilities. The silos at each fiber cement plant hold between one and three days of our cement requirements.

Water. We use local water supplies and seek to process all wastewater to comply with environmental requirements.

Sales, Marketing and Distribution

The principal markets for our fiber cement products are the United States, Australia, New Zealand, the Philippines, Chile, the U.K. and France. In addition, we sell fiber cement products in Canada, South Korea, China, Hong Kong, Macau, Japan, Taiwan, Vietnam, Malaysia, Indonesia, Sri Lanka, Guam, the Middle East, Argentina, Spain, The Netherlands, Denmark and the Republic of Ireland. Our Hardi™ brand name, customer education in comparative product advantages, differentiated product range and customer service, including technical advice and assistance, provide the basis for our marketing strategy. We offer our customers support through a specialized fiber cement sales force and customer service infrastructure in the United States, Australia, New Zealand, the Philippines, Europe, Canada and Chile. The customer service infrastructure includes inbound customer service support coordinated nationally in each country, and is complemented by outbound telemarketing capability. Within each regional market, we provide sales and marketing support to building products dealers and lumber yards and also provide support directly to the customers of these distribution channels, principally homebuilders and building contractors.

In the United States, we sell fiber cement products for new residential construction predominantly to distributors, which then sell these products to dealers or lumber yards. This two-step distribution process is increasingly being supplemented with direct sales to customers as a means of accelerating product penetration and sales. Our top two U.S. distributors accounted for approximately 45% of our total U.S. fiber cement net sales in fiscal year 2005. In addition, a large home center retailer accounted for approximately 15% of our total U.S. fiber cement net sales in fiscal year 2005. Repair and remodel products in the United States are typically sold through the large home center retailers and specialist distributors. In Australia and New Zealand, both new construction and repair and remodel products are generally sold directly to hardware stores and lumber yards rather than through the two-step distribution process used in the United States. In the Philippines, a network of thousands of small to medium size dealer outlets sells our fiber cement products to consumers, builders and real estate developers. In Chile, we sell directly to builders and contractors, as well as to hardware stores and distributors. Physical distribution of product in each country is primarily by road or sea transport and, in the United States, some use of rail.

We maintain dedicated regional sales management teams in the major sales territories. The sales teams (including telemarketing staff) consist of approximately 300 people in the United States and Canada,

72 people in Australia, 23 people in New Zealand, 35 people in the Philippines, 31 people in Chile, 27 people in Europe and one person in Taiwan. Our national sales managers and national account managers, together with the regional sales managers and sales representatives, maintain relationships with national and other major accounts. Our sales force includes skilled trades people who provide on-site technical advice and assistance. In some cases, sales forces manage specific product categories. For example, in the United States, there are separate sales forces for siding products, interior products, pipes and roofing. The interior products sales force provides in-store merchandising support for home center retailers.

We also use trade and consumer advertising and public relations campaigns to generate demand for our products. These campaigns usually explain the differentiating attributes of our fiber cement products and the suitability of our fiber cement products and systems for specific applications.

Despite the fact that distributors are generally our direct customers, we also aim to increase primary demand for our products by marketing our products directly to homeowners, architects and builders. We encourage them to specify and install our products because of the quality and craftsmanship of our products. This "pull through" strategy, in turn, assists us in expanding sales for our distribution network as distributors benefit from the increasing demand for our products.

Geographic expansion of our fiber cement business has occurred in markets where framed construction is prevalent for residential applications or where there are opportunities to change building practices from masonry to framed construction, such as in parts of Asia and South America. Expansion is also possible where there are direct substitution opportunities irrespective of the methods of construction. Our entry into the Philippines is an example of the ability to substitute fiber cement for an alternative product (in this case plywood). With the exception of our current major markets, as well as Japan and certain rural areas in Asia and Eastern Europe, most markets in the world principally utilize masonry construction for external walls in residential construction. Accordingly, further geographic expansion depends on our ability to provide alternative construction solutions and for those solutions to be accepted by the markets.

Because fiber cement products were relatively new to the Philippines, the launch of our fiber cement products in the Philippines in fiscal year 1999 was accompanied by strategies to address the particular needs of local customers and the building trade. For example, we established a carpenter training and accreditation program whereby Filipino carpenters who are unfamiliar with our products are taught installation techniques. We have also put greater emphasis on building our relationships with new home developers and builders in order to educate the market on the benefits of our products in this particular sector.

Fiber cement products manufactured in Australia, New Zealand and the Philippines are exported to a number of markets in Asia and the Middle East by sea transport. A regional sales management team based in the Philippines is responsible for coordinating export sales into Asia and the Middle East.

Research and Development

We pioneered the successful development of cellulose reinforced fiber cement and, during the 1980s, progressively introduced products resulting from our proprietary product formulation and process technology. We have capitalized on our strong market positions to maintain leadership in product research and development and process technology enhancements. Our product differentiation strategy, and our quest to maintain our position as one of the low cost manufacturers of fiber cement, is supported by our significant investment in research and development activities. In fiscal year 2005, we spent $27.1 million, or approximately 2.2% of total net sales, in research and development activities. This amount included $5.5 million of amounts classified as selling, general and administrative expenses for U.S. GAAP purposes. In fiscal year 2004, we spent $26.1 million, or approximately 2.7% of total net sales, in research and development activities. This amount included $3.5 million of amounts classified as selling, general and administrative expenses for U.S. GAAP purposes. In fiscal year 2003, we spent $20.8 million, or approximately 2.7% of total net sales, in research and development activities. This amount included $2.7 million of amounts classified as selling, general and administrative expenses for U.S. GAAP purposes. We believe that we continue to have one of the largest and most advanced fiber cement research and development capabilities in the world.

Globally, we employ over 130 scientists, engineers and technicians in Core Research and in Product & Process Development. Over 50% of our scientists have advanced degrees, and 45% have worked for the Company for over five years.

We have Research & Development Centers in Sydney, Australia and Fontana, California, where we conduct core research, develop new manufacturing technology platforms and develop products for specific markets and applications. Through our investment in process technology, we aim to keep reducing our capital and operating costs, and find new ways to make existing products and new products.

Over the past ten years, advances in process technology have allowed us to reduce the incremental cost of additional capacity at existing sites. At the same time, we have reduced our raw materials costs through yield improvements in the plants, by providing technological support to drive process improvements in our suppliers' operations, and from our increased business scale.

We believe that we also benefit from superior economies of scale because we operate plants that have two to three times larger capacity than our fiber cement competitors.

In addition, our goals are to:

- continue to lower the capital cost of each unit of production at new plants by learning from past projects and through continuing innovation in engineering; and
- reduce operating costs at each plant by improving manufacturing processes, raw materials yields and machine productivity.

Dependence on Trade Secrets and Research and Development

Our current patent portfolio is based mainly on fiber cement compositions, associated manufacturing processes and the resulting products. Our non-patent technical intellectual property consists primarily of our operating and manufacturing know-how, which is maintained as trade secret information. We have increased our abilities to effectively create, manage and utilize our intellectual property and have implemented a strategy that increasingly uses patenting, licensing, trade secret protection and joint development to protect and increase our market share. If our research and development efforts fail to generate new, innovative products or processes, our overall profit margins may decrease and demand for our products may fall.

Governmental Regulation

Environmental Regulation

Our operations and properties are subject to extensive federal, state and local and foreign environmental protection and health and safety laws, regulations and ordinances. These environmental laws, among other matters, govern activities and operations that may have adverse environmental effects, such as discharges to air, soil and water, and establish standards for the handling of hazardous and toxic substances and the handling and disposal of solid and hazardous wastes. In the United States, these environmental laws include:

- the Resource Conservation and Recovery Act;
- the Comprehensive Environmental Response, Compensation and Liability Act;
- the Clean Air Act;
- the Occupational Safety and Health Act;
- the Emergency Planning and Community Right to Know Act;
- the Clean Water Act;
- the Safe Drinking Water Act;
- the Surface Mining Control and Reclamation Act;
- the Toxic Substances Control Act;

- the National Environmental Policy Act; and
- the Endangered Species Act,

as well as analogous state statutes and regulations. Other countries also have statutory schemes relating to the protection of the environment. Some environmental laws provide that a current or previous owner or operator of real property may be liable for the costs of removal or remediation of environmental contamination on, under, or in that property. In addition, persons who arrange, or are deemed to have arranged, for the disposal or treatment of hazardous substances may also be liable for the costs of removal or remediation of environmental contamination at the disposal or treatment site, regardless of whether the affected site is owned or operated by such person. Environmental laws often impose liability whether or not the owner, operator or arranger knew of, or was responsible for, the presence of such environmental contamination. Also, third parties may make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous or toxic substances pursuant to applicable environmental laws as well as common law tort theories, including strict liability. Environmental compliance costs in the future will depend, in part, on regulatory developments and future requirements that cannot be predicted. Also see "Legal Proceedings" below.

Organizational Structure

JHI NV is incorporated in The Netherlands, with its corporate seat in Amsterdam.

The table below sets forth our significant subsidiaries, all of which are 100% owned by JHI NV, either directly or indirectly, as of May 31, 2005.

Name of Company	Jurisdiction of Establishment
James Hardie Aust Holdings Pty Ltd.	Australia
James Hardie Aust Investco Pty Ltd.	Australia
James Hardie Aust Investments No. 1 Pty Ltd.	Australia
James Hardie Austgroup Pty Ltd.	Australia
James Hardie Australia Management Pty Ltd.	Australia
James Hardie Australia Pty Ltd.	Australia
James Hardie Building Products Inc.	United States
James Hardie Europe B.V.	France and United Kingdom
James Hardie Fibre Cement Pty Ltd.	Australia
James Hardie International Finance B.V.	Netherlands
James Hardie International Holdings B.V.	Netherlands
James Hardie N.V.	Netherlands
James Hardie New Zealand Limited	New Zealand
James Hardie NZ Holdings Trust	New Zealand
James Hardie Philippines Inc.	Philippines
James Hardie Research (Holdings) Pty Ltd.	Australia
James Hardie U.S. Investments Sierra Inc.	United States
N.V. Technology Holdings A Limited Partnership	Australia
RCI Pty Ltd.	Australia

Capital Expenditures and Divestitures

Capital Expenditures

The following table sets forth our capital expenditures, calculated on an accrual basis, for each year in the three-year period ended March 31, 2005.

	Fiscal Years Ended March 31,		
	2005	2004	2003
	(In millions)		
Continuing Operations			
Fiber Cement			
United States	$ 144.8	$ 56.2	$ 81.0
Asia Pacific	4.1	8.4	6.6
Chile, U.S. Pipes, U.S. Roofing and Europe	4.1	9.5	2.5
Total Fiber Cement	153.0	74.1	90.1
General Corporate	—	—	0.1
Total Capital Expenditures	$ 153.0	$ 74.1	$ 90.2

The significant capital expenditure projects over the past three fiscal years in our USA Fiber Cement business include:

- the commencement of construction of a new fiber cement manufacturing plant in Pulaski, Virginia at a total estimated cost of $98.0 million. Construction of the plant began in March 2005 and will include two manufacturing lines, each with a design capacity of 300 million square feet. The first line is expected to be to be completed for the first quarter of fiscal year 2007. The plant will produce external siding and interior backerboard products for new residential construction, repair and remodel and manufactured housing markets. Funding of the new plant is expected to be provided by the Company's cash flow and current or future debt facilities. As of March 31, 2005, we have incurred $7.7 million related to the construction of the Virginia plant;
- the commencement in fiscal year 2005 of additional ColorPlus® coating capacity inside our existing plants, which includes a building expansion at our Peru, Illinois plant and the new ColorPlus coating lines at our Peru, Illinois and Blandon, Pennsylvania plants;
- the addition of a new fiber cement plant in Reno, Nevada at a cost of $52.5 million, which occurred during fiscal years 2005 and 2004;
- the construction of a new trim line at our Peru, Illinois plant. As of March 31, 2005, we were in pre-production and had incurred $56.2 million, which occurred during fiscal years 2005 and 2004;
- upgrades to our Blandon, Pennsylvania plant at a cost of $17.1 million, which occurred during fiscal years 2005, 2004 and 2003;
- the addition of a panel production line at our Waxahachie, Texas plant at a cost of $26.5 million, which occurred during fiscal years 2004 and 2003;
- the addition of a pre-finishing line and expansion of the building at our Peru, Illinois plant at a total cost of $7.9 million, which primarily occurred during fiscal years 2004 and 2003;
- the purchase of land and buildings in Summerville, South Carolina and Blandon, Pennsylvania at a cost of $10.0 million and $7.6 million, respectively, in fiscal year 2003; and
- the addition of a second flat sheet production line at our Peru, Illinois plant at a total cost of $24.7 million, consisting of capital expenditures of $9.0 million, which occurred during fiscal year 2003, and $15.7 million, which occurred during fiscal years 2002 and 2001.

The significant capital expenditure project in our USA Hardie Pipe business in the past five fiscal years was the construction of our pipe plant in Plant City, Florida. The project cost $33.7 million, which was primarily incurred during fiscal year 2001.

In our roofing operations, we spent $11.7 million in fiscal years 2004 and 2003 on our new pilot plant in Fontana, California. This pilot plant was built to test our proprietary manufacturing technology and to provide product market testing in Southern California for a new generation of fiber cement roofing product.

In addition, in fiscal year 2004, $2.2 million was spent to upgrade the fiber cement manufacturing plant at Rosehill in Sydney and $1.8 million was spent at our Brisbane plant to install a coating facility.

We currently expect to spend up to approximately $175.0 million for capital expenditures in fiscal year 2006. Amounts expended will be principally focused on our efforts to create additional low-cost, high-volume manufacturing capacity to meet increased demand for our current fiber cement products and to create new manufacturing capacity for new fiber cement products. The expected amount of spending in fiscal year 2006 includes additional capital expenditures expected to be made on projects that were in progress during fiscal year 2005, including:

- the construction of a new fiber cement manufacturing plant in Pulaski, Virginia, discussed above, at an estimated cost of approximately $75.0 million;
- the building expansion and addition of ColorPlus® coating lines at our Peru, Illinois and Blandon, Pennsylvania plants, discussed above; and
- the remaining cost of the Peru trim line at an estimate of approximately $4.8 million.

In addition, the expected capital expenditure amount for fiscal year 2006 above includes approximately $6.3 million related to the implementation of a new enterprise resource planning software system.

All of the above planned capital expenditures are in our USA Fiber Cement segment.

We currently expect the level of our capital expenditures to continue to be substantial. Competitive pressures and market developments could require increased capital expenditures. Our financing for these capital expenditures is expected to come from our cash from our future operations and from external debt to the extent that cash from operations does not cover our capital expenditures.

Divestitures

Building Systems

On May 30, 2003, we sold our New Zealand Building Systems business to a third party. We recorded a gain of $1.9 million representing the excess of net proceeds from the sale of $6.7 million over the net book value of assets sold of $4.8 million. The proceeds from the sale comprised cash of $5.0 million and a note receivable in the amount of $1.7 million. As of March 2005, the $1.7 million note receivable had been collected in full.

Gypsum

On March 12, 2002, we signed an agreement to sell our Gypsum operations to BPB U.S. Holdings, Inc. ("BPB U.S.") for cash proceeds of $345.0 million less selling costs of $10.6 million. The sale was completed on April 25, 2002. We recorded a pre-tax gain of $81.4 million representing the excess of net proceeds from the sale of $334.4 million over the net book value of assets sold of $253.0 million. The sale resulted in income tax expense of $26.1 million. The net assets of our Gypsum business prior to the sale primarily consisted of trade receivables, inventory, accounts payable, mineral reserves, property, plant and equipment, goodwill and deferred taxes.

Prior to the sale of our Gypsum operations in April 2002, we owned and operated three gypsum wallboard-manufacturing facilities in the United States.

Part of our former Gypsum business included three gypsum rock mines. One mine was located in an area covering parts of Northwest Arizona, Utah and Nevada. The other two mines were located in Las Vegas, Nevada and Nashville, Arkansas. In June 2001, we entered into an agreement to sell our Las Vegas mine to a developer for $50.0 million. On March 21, 2003, we completed the sale of our gypsum mine in Las Vegas and recorded a pre-tax gain of $49.2 million representing the excess of net proceeds from the sale of $48.4 million less the cost of assets sold of $0.7 million and the assumption of $1.5 million in liabilities by the buyer. The sale resulted in an income tax expense of $19.2 million. The proceeds from the sale comprised cash of $50.6 million less selling costs of $2.2 million. The other two gypsum rock mines were included with the sale of our Gypsum operations to BPB U.S.

Under the terms of the sale agreement with BPB U.S., we agreed to customary indemnification obligations related to our representations and warranties in the agreement. Our indemnification obligation generally extends for two years from the closing date of April 25, 2002 and arises only if claims exceed $5 million in the aggregate and is limited to $100 million in the aggregate. This obligation expired April 25, 2004. In addition, we agreed to indemnify BPB U.S. for any future liabilities arising from asbestos-related injuries to persons or property arising from our former Gypsum business. Although we are not aware of any asbestos-related claims arising from the Gypsum business nor circumstances that would give rise to such claims, under the sale agreement, our obligation to indemnify the purchaser for liabilities arising from asbestos-related injuries arises only if such claims exceed $5 million in the aggregate, is limited to $250 million in the aggregate and will continue for 30 years after the closing date of our Gypsum business.

Pursuant to the terms of our agreement to sell our Gypsum business, we also retained responsibility for any losses incurred by BPB U.S. resulting from environmental conditions at the Duwamish River in the State of Washington so long as notice of a claim is given within 10 years of closing. Our indemnification obligations in this regard are subject to a $34.5 million limitation. The Seattle gypsum facility had previously been included on the "Confirmed and Suspected Contaminate Sites Report" released in 1987 due to the presence of metals in the groundwater. Because we believe the metals found emanated from an offsite source, we do not believe we are liable for, and have not been requested to conduct, any investigation or remediation relating to the metals in the groundwater.

Building Services

During the year ended March 31, 2003, we recorded a loss of $1.3 million relating to our Building Services business, which was disposed of in November 1996. The loss consisted of expenses of $0.8 million and a $0.5 million write-down of an outstanding receivable that was retained as part of the sale.

ABN 60

On March 31, 2003, we transferred control of ABN 60 to a newly established company named ABN 60 Foundation. ABN 60 Foundation was established to be the sole shareholder of ABN 60 and to ensure ABN 60 meets its payment obligations to the Foundation. Following the establishment of the ABN 60 Foundation, JHI NV no longer owns any shares of ABN 60. ABN 60 Foundation is managed by independent directors and operates entirely independently of us. We do not control the activities of ABN 60 or ABN 60 Foundation in any way. Other than as described in "Legal Proceedings," we have no economic interest in ABN 60 or ABN 60 Foundation and have no right to dividends or capital distributions from those entities. Apart from the express indemnity for non-asbestos matters provided to ABN 60 and a possible arrangement to fund some or all future claimants for asbestos-related injuries caused by former James Hardie Group subsidiary companies and to the potential liabilities more fully described in "Legal Proceedings," we do not believe we will have any liability under current Australian law should future liabilities of ABN 60 or ABN 60 Foundation exceed the funds available to those entities. As a result of the change in ownership of ABN 60 on March 31, 2003, we recorded a loss on disposal of $0.4 million, representing the liabilities of ABN 60 (to the Foundation) of A$94.6 million ($57.2 million), the A$94.5 million ($57.1 million) in cash held on the balance sheet, and costs associated with the establishment and funding of the ABN 60 Foundation. Also see "Legal Proceedings" and Notes 13 and 15 to our consolidated financial statements included in Item 18.

JHI NV has agreed to indemnify ABN 60 Foundation for any non asbestos-related legal claims made against ABN 60. There is no maximum amount of the indemnity and the term of the indemnity is in perpetuity. The Company believes that the likelihood of any material non asbestos-related claims occurring against ABN 60 is remote. As such, the Company has not recorded a liability for the indemnity. The Company has not pledged any assets as collateral for such indemnity.

In connection with the separation of Amaca, Amaba and ABN 60 from the James Hardie Group, those entities agreed to indemnify JHI NV and its related corporate entities for past and future asbestos-related liabilities. Amaca, Amaba and ABN 60's obligation to indemnify JHI NV and its related entities includes claims that may arise associated with the manufacturing activities of those companies.

Property, Plant and Equipment

Over the past several years, we have built significant production capacity in the United States in an effort to ensure that we will be able to meet expected increases in demand for our products and improve our operating efficiencies. As part of our facilities investment strategy, we have constructed a plant for flat sheet and trim products in Illinois and upgraded and expanded our existing plants in Illinois, Texas, California and Pennsylvania. In addition, we entered into a long-term lease arrangement in fiscal year 2001 for our Waxahachie, Texas plant and upgraded the existing first line, replaced the existing second line and completed construction on a new panel production line at this fiber cement plant in fiscal years 2001, 2002 and 2004, respectively. In fiscal year 2002, we also acquired the operating assets of Cemplank, Inc., which included a fiber cement plant at Blandon, Pennsylvania and a fiber cement plant at Summerville, South Carolina, and, in fiscal year 2003, we purchased the property on which these plants are located. In fiscal year 2004, we completed upgrades to our Blandon, Pennsylvania plant. In addition, we started construction on our new green-field plant in Reno, Nevada and our new trim line at our Peru, Illinois plant, and completed our pilot roofing plant in Fontana, California. In fiscal year 2005, we completed our ninth plant in Reno, Nevada and began pre-production at our new trim line in Peru, Illinois. In addition, in March 2005 we began building our tenth USA Fiber Cement manufacturing plant in Pulaski, Virginia.

Over the last five years we have spent an aggregate of approximately $219.5 million on construction and upgrades of our plants in the United States. Our management estimates that our nine manufacturing plants are among the largest and lowest cost fiber cement manufacturing plants in the United States. In addition, our tenth manufacturing plant in Pulaski, Virginia will be our largest fiber cement manufacturing plant in the world once completed. Our management also believes that the location of our plants in California, Texas, Florida, Illinois, Washington, Pennsylvania, South Carolina, Nevada and Virginia positions us near high growth markets in the United States while minimizing our transportation costs for product distribution and raw material sourcing.

In fiscal year 2002, we closed our fiber cement plant in Western Australia and have been meeting demand from our remaining facilities. The remaining plants in Australia have also been upgraded over recent years to improve output and productivity. In fiscal year 2004, A$3.2 million ($2.2 million) was spent to upgrade the fiber cement manufacturing plant at Rosehill in Sydney. In addition, we spent A$2.6 ($1.8 million) in fiscal year 2004 at our Brisbane plant to install a coating facility. We believe that the facility has added value to our basic product range. In New Zealand, our fiber cement production line was upgraded in fiscal year 2001 at a cost of NZ$1 million ($1 million). The upgrades have enabled this plant to produce new siding and internal lining fiber cement products. In the Philippines, we have one fiber cement manufacturing plant, which began producing marketable product in fiscal year 1999.

In March 2001, our fiber reinforced concrete pipe plant at Plant City, Florida commenced operations. Built at a total cost of $33.7 million, the plant produces drainage pipes and has an annual production capacity of 100,000 tons.

In December 2000, we purchased and significantly upgraded a plant in Santiago, Chile and the production of our products there commenced in March 2001.

Our manufacturing plants use significant amounts of water which, after internal recycling and reuse, are eventually discharged to publicly owned treatment works (with the exception of our Blandon, Pennsylvania facility which maintains a closed loop system). The discharge of process water is monitored by us, as well as regulators. In the past, from time to time, we have received reports of discharges in excess of our permit limits. In each case, we have addressed the concerns raised in those notices. During fiscal year 2005, we did not incur any material costs with respect to reports of discharges in excess of our permit limits.

Plants and Process

We manufacture fiber cement products in the United States, Australia, New Zealand, the Philippines and Chile. The location of each of our fiber cement plants and the annual design capacity for such plants are set forth below:

Location	Existing Annual Design Capacity(1)	Committed Additional Design Capacity(1)	Total Planned Design Capacity(1)
Fiber Cement Flat Sheet (in million square feet)			
United States			
Fontana, California	180	—	180
Plant City, Florida	300	—	300
Cleburne, Texas	500	—	500
Tacoma, Washington	200	—	200
Peru, Illinois	400	160	560
Waxahachie, Texas	360	—	360
Blandon, Pennsylvania	200	—	200
Summerville, South Carolina	190	—	190
Reno, Nevada	300	—	300
Pulaski, Virginia	—	600	600
Total United States	2,630		3,390
Australia			
Sydney, New South Wales(2)	200	—	200
Brisbane, Queensland (Carole Park)(2)(3)	160	—	160
Total Australia	360		360
New Zealand			
Auckland(2)	75	—	75
The Philippines			
Manila	145	—	145
Chile			
Santiago	55	—	55
Total Fiber Cement Flat Sheet	3,265		4,025
Fiber Reinforced Concrete Pipes (in tons)(4)			
Plant City, Florida (pipes)	100,000	—	100,000
Brisbane, Queensland (Meeandah)(2)(3)	50,000	—	50,000
Total Fiber Reinforced Concrete Pipes	150,000		150,000

(1) Annual design capacity is based on management's historical experience with our production process and is calculated assuming continuous operation, 24 hours per day, seven days per week, producing 5/16" thickness siding at a target operating speed. Plants outside the United States produce a range of thicker

products, which negatively affect their outputs. Actual production is affected by factors such as product mix, batch size, plant availability and production speeds and is usually less than annual design capacity.

(2) Prior to March 2004, the land and buildings on which these facilities are located was leased on a long-term basis from Amaca Pty Limited. In March 2004, various subsidiaries of Multiplex Property Trust (together, "Multiplex"), an unrelated third party, acquired the land and buildings related to these four fiber cement manufacturing facilities from Amaca.

(3) There are two manufacturing plants in Brisbane. Carole Park produces only flat sheets and Meeandah produces only pipes and columns.

(4) Pipe and column capacity is measured in tons rather than million square feet.

While the same basic process is used to manufacture fiber cement products at each facility, plants are designed to produce the appropriate mix of products to meet each market's specific, projected needs. All of our manufacturing facilities have been either newly constructed or substantially modernized and upgraded in the past five years. The facilities were constructed so production can be efficiently adjusted in response to increased consumer demand by increasing production capacity utilization, enhancing the economies of scale or adding additional lines to existing facilities, or making corresponding reductions in production capacity in response to weaker demand. Except for the Waxahachie, Texas plant, we own all of our fiber cement sites and plants located in the United States. The lease for the Waxahachie, Texas site and plant expires on March 31, 2020, at which time we have an option to purchase the plant. Pursuant to the lease, we make quarterly base rental payments of $850,000. In 1998, we entered into lease agreements with a former subsidiary now owned by the Foundation for all of our fiber cement sites located in Australia. In March 2004, Multiplex acquired the land and buildings related to the four fiber cement manufacturing facilities from the Foundation. Prior to that acquisition, we renegotiated the four leases with Multiplex. Upon completion of the acquisition and subsequent transfer of title to Multiplex, Multiplex assumed the responsibility of landlord under each of the amended leases. In addition, in March 2004, Multiplex also acquired our New Zealand land and buildings and we now make lease payments to Multiplex related to this site. We own our fiber cement plant located in Chile and our Pipe plant in the United States. In addition, we own 40% of our fiber cement plant located in the Philippines.

For fiscal year 2005, average capacity utilization for our fiber cement plants by country was approximately as follows:

Country	Capacity Utilization(1)
United States	91%
Australia	54%
New Zealand	54%
Philippines	83%
Chile	75%

(1) Capacity utilization is based on design capacity. Design capacity is based on management's estimates, as described above. No accepted industry standard exists for the calculation of fiber cement manufacturing facility capacities.

The capital cost per unit of production for new plants has significantly declined since we opened our first U.S. plant in Fontana, California in 1989. This improvement is largely attributable to our utilization of proprietary technology. Management believes that our capital cost per unit of capacity is substantially lower than that of many of our competitors' plants. In addition, we can now build and commission new manufacturing plants significantly faster than when we built our first production line in the United States. Management believes that the speed and cost at which we can construct new plants relative to our competitors enable us to respond rapidly to emerging regional demand for fiber cement products and to gain the advantage accorded to the first local producer in a market.

Mines

We own a quartz mine in Fontana, California and lease a quartz mine in Tacoma, Washington. Our five-year lease for the mine in Tacoma, Washington expires on February 28, 2006, at which time we have the option to renew our lease for an additional four years. We pay production royalties to the owner based on silica tonnage removed from the mine. Because other cost effective sources of sand are not available at these locations, we operate these quartz mines and process the rock to obtain silica for our fiber cement products.

Legal Proceedings

The Company is involved from time to time in various legal proceedings and administrative actions incidental or related to the normal conduct of business. Although it is impossible to predict the outcome of any pending legal proceeding, our management believes that such proceedings and actions in the normal conduct of business should not, individually or in the aggregate, have a material adverse effect on either our consolidated financial position, results of operations or cash flows.

See section below entitled "Claims Against Former and Current Subsidiaries" for information regarding asbestos-related matters.

Claims Against Former and Current Subsidiaries

Amaca Pty Ltd, Amaba Pty Ltd and ABN 60

In February 2001, ABN 60, formerly known as JHIL, established the Foundation by gifting A$3.0 million ($1.7 million) in cash and transferring ownership of Amaca and Amaba to the Foundation. The Foundation is a special purpose charitable foundation established to fund medical and scientific research into asbestos-related diseases. Amaca and Amaba were Australian companies which had manufactured and marketed asbestos-related products prior to 1987.

The Foundation is managed by independent trustees and operates entirely independently of the Company and its current subsidiaries. The Company does not control (directly or indirectly) the activities of the Foundation in any way and, effective from February 16, 2001, has not owned or controlled (directly or indirectly) the activities of Amaca or Amaba. In particular, the trustees of the Foundation are responsible for the effective management of claims against Amaca and Amaba, and for the investment of Amaca's and Amaba's assets. Other than the offers to provide interim funding to the Foundation and the indemnity to the directors of ABN 60 as described below, the Company has no legally binding commitment to or interest in the Foundation, Amaca or Amaba, and it has no right to dividends or capital distributions made by the Foundation.

On March 31, 2003, the Company transferred control of ABN 60 to a newly established company named ABN 60 Foundation. ABN 60 Foundation was established to be the sole shareholder of ABN 60 and to ensure that ABN 60 meets payment obligations to the Foundation owed under the terms of a deed of covenant and indemnity described below. Following the establishment of the ABN 60 Foundation, the Company no longer owned any shares in ABN 60. ABN 60 Foundation is managed by independent directors and operates entirely independently of the Company. The Company does not control the activities of ABN 60 or ABN 60 Foundation in any way, it has no economic interest in ABN 60 or ABN 60 Foundation, and it has no right to dividends or capital distributions made by the ABN 60 Foundation.

Up to the date of the establishment of the Foundation, Amaca and Amaba incurred costs of asbestos-related litigation and settlements. From time to time, ABN 60 was joined as a party to asbestos suits which were primarily directed at Amaca and Amaba. Because Amaca, Amaba and ABN 60 are no longer a part of the Company, and all relevant claims against ABN 60 had been successfully defended, no provision for asbestos-related claims was established in the Company's consolidated financial statements at March 31, 2005 and 2004.

It is possible that the Company could become subject to suits for damages for personal injury or death in connection with the former manufacture or sale of asbestos products that are or may be filed against Amaca,

Amaba or ABN 60. However, as described further below, the ability of any claimants to initiate or pursue such suits may be restricted or removed by legislation contemplated under the Heads of Agreement, also described further below. Although it is difficult to predict the incidence or outcome of future litigation and thus no assurances can be given, the Company believes that, in the absence of governmental action introducing legislation or a change in jurisprudence as previously adopted in prior case law before the NSW Supreme Court and Federal High Court, as more fully described below, the risk that such suits could be successfully asserted against the Company is not probable and estimable at this time. This belief is based in part on the following factors given the transfers of Amaca and Amaba to the Foundation and of ABN 60 to the ABN 60 Foundation: none of those companies are part of the Company; the separateness of corporate entities under Australian law; the limited circumstances where "piercing the corporate veil" might occur under Australian and Dutch law; there is no equivalent under Australian common law of the U.S. legal doctrine of "successor liability;" and JHI NV has been advised that the principle applicable under Dutch law, to the effect that transferees of assets may be held liable for the transferor's liabilities when they acquire assets at a price that leaves the transferor with insufficient assets to meet claims, is not triggered by those transfers of Amaca, Amaba and ABN 60 or the restructure of the Company in 2001 or previous group transactions. The courts in Australia have generally refused to hold parent entities responsible for the liabilities of their subsidiaries absent any finding of fraud, agency, direct operational responsibility or the like. However, if suits are made possible and/or successfully brought, they could have a material adverse effect on the Company's business, results of operations or financial condition.

In New Zealand, where RCI Holdings Pty Ltd holds a subsidiary that formerly manufactured asbestos-containing products, there is current legislation entitled the "Accident Insurance Act 1998" which bars claims for compensatory damages arising from work-related asbestos exposure. Although claims in New Zealand for non work-related injury might still be alleged, and although it is possible that a claimant for work-related asbestos exposure could still seek non-compensatory damages, we believe that any such claims would not have a material adverse effect on our business, results of operations or financial condition.

During the year ended March 31, 2005, the Company was not a party to any material asbestos litigation and did not make any settlement payments in relation to such litigation.

Under U.S. laws, the doctrine of "successor liability" provides that an acquiror of the assets of a business carried on by a corporation can, in certain states and under certain circumstances, be held responsible for liabilities arising from the conduct of that business prior to the acquisition, notwithstanding the absence of any contractual arrangement between the acquiror and the selling corporation pursuant to which the acquiror agreed to assume such liabilities.

The general principle under Australian law is that, in the absence of a contractual agreement to transfer specified liabilities of a business, and where there is no fraudulent conduct, the liabilities remain with the corporation that previously carried on the business and are not passed on to the acquiror of assets. Prior to March 2004, we leased manufacturing sites from Amaca, a former subsidiary that is now owned and controlled by the Foundation. In addition, we purchased certain plant and equipment and inventory from Amaca in connection with the first phase of our restructuring at fair value. Each of these transactions involved only Australian companies and, accordingly, we believe the transactions are governed by Australian laws and not the laws of any other jurisdiction. We do not believe these transactions should give rise to the assumption by the Company of any asbestos-related liabilities (tortious or otherwise) under Australian law that may have been incurred during the period prior to the transfer of the assets.

Under Dutch law, a Dutch transferee of assets may be held responsible for the liabilities of the transferor following a transfer of such assets if the transfer results in the transferor having insufficient assets to meet the claims of its creditors or if the transfer will otherwise jeopardize the position of the creditors of the transferor. We believe the transfer by ABN 60 of all of the shares of JHNV to JHI NV in the 2001 Restructuring will not result in the Company being held responsible as transferee under this rule because, upon the transfer and the implementation of the other aspects of the 2001 Restructuring, ABN 60 had the same financial resources to meet the claims of its creditors as it had prior to the transfer.

Special Commission of Inquiry

On October 29, 2003, the Foundation issued a press release stating that its "most recent actuarial analysis estimates that the compensation bill for the organization could reach one billion Australian dollars in addition to those funds already paid out to claimants since the Foundation was formed and that existing funding could be exhausted within five years." In February 2004, the NSW Government established the SCI to investigate, among other matters described below, the circumstances in which the Foundation was established. The SCI was instructed to determine the current financial position of the Foundation and whether it is likely to meet its future asbestos-related claims in the medium to long-term. It was also instructed to report on the circumstances in which the Foundation was separated from ABN 60 and whether this may have resulted in or contributed to a possible insufficiency of assets to meet future asbestos-related liabilities, and the circumstances in which any corporate restructure or asset transfers occurred within or in relation to the James Hardie Group prior to the funding of the Foundation to the extent that this may have affected the Foundation's ability to meet its current and future liabilities. The SCI was also instructed to report on the adequacy of current arrangements available to the Foundation under the Corporations Act of Australia to assist the Foundation in managing its liabilities and whether reform is desirable in order to assist the Foundation in managing its obligations to current and future claimants.

On July 14, 2004, following the receipt of a new actuarial estimate of asbestos liabilities of the Foundation by KPMG Actuaries, the Company lodged a submission with the SCI stating that the Company would recommend to its shareholders that they approve the provision of an unspecified amount of additional funding to enable an effective statute-based scheme to compensate all future claimants for asbestos-related injuries for which Amaca and Amaba are liable. The Company proposed that the statutory scheme include the following elements:

- speedy, fair and equitable compensation for all existing and future claimants, including objective criteria to reduce superimposed (judicial) inflation. Superimposed inflation is inflation in claim awards above the underlying rate of inflation and is sometimes called judicial inflation;
- contributions to be made in a manner which provide certainty to claimants as to their entitlement, the scheme administrator as to the amount available for distribution, and the proposed contributors (including the Company) as to the ultimate amount of their contributions;
- significant reductions in legal costs through reduced and more abbreviated litigation; and
- limitation of legal avenues outside of the scheme.

The submission stated that the proposal was made without any admission of liability or prejudice to the Company's rights or defenses.

The SCI finished taking evidence on August 13, 2004 and issued its report on September 21, 2004. The SCI indicated that the establishment of the Foundation and the establishment of the ABN 60 Foundation were legally effective, that any liabilities in relation to the asbestos claims for claimants remained with Amaca, Amaba or ABN 60 (as the case may be), and that no significant liabilities for those claims could likely be assessed directly against the Company.

The following is a summary of the principal findings of the SCI based on the SCI's report and other information available to us. This summary does not contain all of the findings contained or observations made in the SCI report. Please see our website for a link to the SCI's report. It should be noted that the SCI is not a court and, therefore, its findings have no legal force.

Principal Findings in Favor of the Company

The principal findings in favor of the Company were that:

- the establishment of the Foundation was legally effective and causes of action which the Foundation, Amaba or Amaca might have against the James Hardie Group, its officers and advisers would be unlikely to result in any significant increase in the funds of Amaba, Amaca or the Foundation (putting

this finding conversely, the Company is unlikely to face any significant liability to the Foundation, Amaba or Amaba as a result of the then current causes of action of such entities against the current members of the James Hardie Group);

- there was no finding that JHI NV had committed any material breach of any law as a result of the separation and reorganization transactions which took place in 2001;
- many of the allegations and causes of action put forward by lawyers for the Foundation, Amaba and Amaca were described as "speculative;" and
- the SCI rejected the suggestion that JHI NV had breached any law or was part of a conspiracy in relation to the fact that the reorganization scheme documents prepared in 2001 did not refer to the possibility of the partly-paid shares being cancelled (whereas they in fact were cancelled in 2003).

Other Principal Findings Relevant to the Company

The other principal findings relevant to the Company were that:

- as a practical (but not legal) matter, if the "right" amount (and not merely the minimum amount) of funding was not provided to the Foundation, the Company would face potential legislative, customer, union and public action to apply legislative and boycott measures and public pressure to ensure that the Company met any significant funding shortfall; and
- the directors of ABN 60 at the time of the cancellation of the partly-paid shares (Messrs. Morley and Salter) effectively followed the instructions of JHI NV in relation to the cancellation. As a result, it might be concluded that JHI NV was a shadow director of ABN 60 at that time. However, while expressing some reservations about what occurred, the SCI did not find that the ABN 60 directors (including JHI NV as a shadow director) breached their duty in undertaking the cancellation.

Principal Findings Against ABN 60 (formerly called JHIL)

A number of further findings (positive and adverse) were also made in relation to ABN 60, which is not a current member of the James Hardie Group. Such findings were not directed against the Company. For the reasons provided above in this section "Legal Proceedings," we do not believe that the Company will have any liability under current Australian law if future liabilities of ABN 60 or ABN 60 Foundation exceed the funds available to those entities. This includes liabilities that may attach to ABN 60 or ABN 60 Foundation as a result of claims made, if successful, in connection with the transactions involved in the establishment of the ABN 60 Foundation and the separation of ABN 60 from the Company.

The SCI found that, given ABN 60's limited financial resources, ABN 60 would need to be able to succeed in making a claim of some kind against JHI NV in respect of the cancellation of the partly-paid shares before claims by Amaba or Amaca against ABN 60 had any practical value. Although expressing reservations about what occurred, the SCI did not find that the directors of ABN 60 had breached their duty in canceling the partly-paid shares.

The SCI did not make any finding that any cause of action by ABN 60 with respect to the partly-paid shares was likely to succeed.

Principal Findings Against Mr. Macdonald and Mr. Shafron

The principal (but non-determinative) findings against Messrs. Macdonald and Shafron pertained to their conduct while officers of ABN 60 in relation to:

- alleged false and misleading conduct associated with a February 16, 2001 press release, particularly regarding a statement that the Foundation was "fully funded" in contravention of New South Wales and Commonwealth legislation prohibiting false or misleading conduct;

- allegedly breaching their duties as officers of ABN 60 by encouraging the board of directors of ABN 60 to act on the Trowbridge report, dated February 13, 2001 (the "Trowbridge Report"), in forming a view that the Foundation would be "fully funded;" and
- criticisms, falling short of findings of contraventions of law, based on their respective roles in the separation and reorganization transactions. These included criticisms relating to their development, control over, reliance on and use of the Trowbridge Report, despite (in the SCI's view) their knowledge of its limitations.

The Commissioner noted that he had not carried out an exhaustive investigation and concluded that it was a matter for Commonwealth authorities (notably ASIC) to determine whether any further action should be taken in relation to matters which the Commissioner considered, comprised or might be likely to have comprised contraventions of Australian corporations law. The Commissioner acknowledged that in relation to various of his findings, there was an issue as to whether Amaba or Amaca suffered any loss or damage from the actions reviewed by him but in this regard he did not find it necessary to reach any definitive conclusion.

In relation to the question of the funding of the Foundation, the SCI found that there was a significant funding shortfall. In part, this was based on actuarial work commissioned by the Company indicating that the discounted value of the central estimate of the asbestos liabilities of Amaca and Amaba was approximately A$1.573 billion as of June 30, 2003. The central estimate was calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States. As of June 30, 2003, the undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba, as determined by KPMG Actuaries, was approximately A$3.403 billion ($2.272 billion). The SCI found that the net assets of the Foundation and the ABN 60 Foundation were not sufficient to meet these prospective liabilities and were likely to be exhausted in the first half of 2007.

In relation to the Company's statutory scheme proposal, the SCI reported that there were several issues that needed to be refined quite significantly but that it would be an appropriate starting point for devising a compensation scheme.

The SCI's findings are not binding and if the issues were presented to a court, it might come to different conclusions on one or more of the issues.

The NSW Government stated that it would not consider assisting the implementation of any proposal advanced by the Company unless it was the result of an agreement reached with the unions acting through the Representatives. The statutory scheme that the Company proposed on July 14, 2004 was not accepted by the Representatives.

The Company believes that, except to the extent that it agrees otherwise as a result of these discussions with the NSW Government, as discussed below under the subheading "Interim Funding and ABN 60 Indemnity," under current Australian law, it is not legally liable for any shortfall in the assets of Amaca, Amaba, the Foundation, the ABN 60 Foundation or ABN 60.

It is also possible that the Representatives and others may encourage or continue to encourage consumers and union members in Australia and elsewhere to ban or boycott the Company's products, to demonstrate or otherwise create negative publicity toward the Company in order to influence the Company's approach to the discussions with the NSW Government or to encourage governmental action if the discussions are unsuccessful. The Representatives and others might also take such actions in an effort to influence the Company's shareholders, a significant number of which are located in Australia, to approve any proposed arrangement. Any such measures, and the influences resulting from them, could have a material adverse impact on the Company's financial position, results of operations and cash flows.

On October 28, 2004, the NSW Premier announced that the NSW Government would seek the agreement of the Ministerial Council, comprising Ministers of the Commonwealth and the Australian States and Territories, to allow the NSW Government to pass legislation which he announced would "wind back James Hardie's corporate restructure and rescind the cancellation of A$1.9 billion in partly paid shares." The announcement said that "the laws will effectively enforce the liability [for asbestos-related claims] against the

Dutch parent company." On November 5, 2004, the Australian Attorney-General and the Parliamentary Secretary to the Treasurer (the two relevant ministers of the Australian Federal Government) issued a news release stating that the Ministerial Council for Corporations (the relevant body of Federal, State and Territory Ministers, "MINCO") had unanimously agreed "to support a negotiated settlement that will ensure that victims of asbestos-related diseases receive full and timely compensation from James Hardie" and if "the current negotiations between James Hardie, the ACTU and asbestos victims do not reach an acceptable conclusion, MINCO also agreed in principle to consider options for legislative reform." The news release of November 5, 2004 indicated that treaties to enforce Australian judgments in Dutch and U.S. courts are not required, but that the Australian Government has been involved in communications with Dutch and U.S. authorities regarding arrangements to ensure that Australian judgments are able to be enforced where necessary. If negotiations do not lead to an acceptable conclusion, the Company is aware of suggestions of legislative intervention, but has no detailed information as to the content of any such legislation.

Heads of Agreement

On December 21, 2004, the Company announced that it had entered into a non-binding Heads of Agreement with the NSW Government and the Representatives which is expected to form the basis of the Principal Agreement to establish and fund the SPF to provide funding on Claims against the Liable Entities.

The principles set out in the Heads of Agreement include:

- the establishment of the SPF to compensate asbestos claimants;
- initial funding of the SPF by the Company on the basis of a November 2004 KPMG report (which provided a net present value central estimate of A$1.536 billion ($1.03 billion) for all present and future claims at June 30, 2004). The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined by KPMG was approximately A$3.586 billion ($2.471 billion). At December 21, 2004, the initial funding for the first three years was expected to be A$239 million (based on KPMG's estimate of liabilities as of June 30, 2004) less the assets to be contributed by the Foundation which were expected to be approximately A$125 million. The actuarial assessment is to be updated annually;
- a two-year rolling cash buffer in the SPF and an annual contribution in advance based on actuarial assessments of expected claims for the next three years, to be revised annually;
- a cap on the annual payments made by the Company to the SPF, initially set at 35% of annual net operating cash flow (defined as cash from operations in accordance with U.S. GAAP) for the immediately preceding year, with provisions for the percentage to decline over time depending upon the Company's financial performance and claims outlook; and
- no cap on individual payments to asbestos claimants.

The Heads of Agreement contains an agreement from the NSW Government to provide releases to the James Hardie Group and to its present and past directors, officers, employees and advisers from all civil liabilities (if any) incurred prior to the date of the Principal Agreement in relation to the events and transactions examined by the SCI. These releases will take the form of legislation to be passed by the NSW Parliament and other state and territory parliaments in Australia (and the Commonwealth Parliament) will be approached by the Company and the NSW Government to pass similar legislation.

The NSW Government conducted a review of legal and administrative costs in dust diseases compensation in New South Wales. The purpose of this review was primarily to determine ways to reduce legal and administrative costs, and to consider the current processes for handling and resolving dust diseases compensation claims in New South Wales. The NSW Government announced its findings on March 8, 2005. Legislation was passed in the NSW Lower House (Legislative Assembly) on May 24, 2005 and the Upper House (Legislative Council) on May 25, 2005. The bill became an act on May 26, 2005. The commencement date of the legislation will be July 1, 2005.

As part of the discussions surrounding the Principal Agreement, the Company has been progressing with the NSW Government relevant options in relation to the establishment of the SPF referenced above.

Once executed, the Principal Agreement will be a legally binding agreement. The implementation of the Principal Agreement will be subject to a number of conditions precedent, including the delivery of an independent expert's report, the Company being satisfied as to the certainty of the tax deductibility of proposed asbestos compensation payments, and the approval by the Company's board of directors, shareholders and lenders.

The parties have announced a timetable for negotiations which envisages the signing of the Principal Agreement, depending on the timing of the resolution of certain matters, in late July/early August 2005 and the shareholder meeting to consider the voluntary funding proposal being held in late September/early October 2005.

If negotiation of the Principal Agreement are completed and the Principal Agreement is subsequently executed and becomes effective, the Company may be required to make a substantial provision in its financial statements and it is possible that the Company may need to seek additional borrowing facilities. If the terms of the Principal Agreement involve the Company making payments, either on an annual or other basis, the Company's financial position, results of operations and cash flows could be materially adversely affected and its ability to pay dividends could be impaired. See Item 4, "Information on the Company — Legal Proceedings."

Updated Actuarial Study; Claims Estimate

The Company commissioned updated actuarial studies of potential asbestos-related liabilities as of June 30, 2004 and March 31, 2005. Based on the results of these studies, it is estimated that the discounted value of the central estimate for claims against the Liable Entities was approximately A$1.536 billion ($1.059 billion) and A$1.685 billion ($1.302 billion) as of June 30, 2004 and March 31, 2005, respectively. The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined by KPMG Actuaries was approximately A$3.586 billion ($2.471 billion) and A$3.604 billion ($2.784 billion) as of June 30, 2004 and March 31, 2005, respectively. Actual liabilities of those companies for such claims could vary, perhaps materially, from the central estimate described above. This central estimate is calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States.

In estimating the potential financial exposure, the actuaries made assumptions related to the total number of claims which were reasonably estimated to be asserted through 2071, the typical cost of settlement (which is sensitive to, among other factors, the industry in which the plaintiff claims exposure, the alleged disease type and the jurisdiction in which the action is being brought), the legal costs incurred in the litigation of such claims, the rate of receipt of claims, the settlement strategy in dealing with outstanding claims and the timing of settlements.

Further, the actuaries have relied on the data and information provided by the Foundation and Amaca Claim Services and assumed that it is accurate and complete in all material respects. The actuaries have not verified that information independently nor established the accuracy or completeness of the data and information provided or used for the preparation of the report.

Due to inherent uncertainties in the legal and medical environment, the number and timing of future claim notifications and settlements, the recoverability of claims against insurance contracts; and in estimating the future trends in average claim awards as well as the extent to which the above-named entities will contribute to the overall settlements, the actual liability amount could differ materially from that currently projected.

A sensitivity analysis has been performed to determine how the actuarial estimates would change if certain assumptions (i.e., the rate of inflation and superimposed inflation, the average costs of claims and legal fees, and the projected numbers of claims) were different than the assumptions used to determine the central

estimates. This analysis shows that the discounted central estimates could fall in a range of A$1.0 billion to A$2.3 billion (undiscounted estimates of A$2.0 billion to A$5.7 billion) and A$1.1 billion to A$2.6 billion (undiscounted estimates of A$2.0 billion to A$5.9 billion) as of June 30, 2004 and March 31, 2005, respectively. It should be noted that the actual cost of the liabilities could fall outside of that range depending on the out-turn of actual experience relative to the assumptions made.

The potential range of costs as estimated by KPMG Actuaries is affected by a number of variables such as nil settlement rates (where no settlement is payable by the Liable Entities as the claim settlement is borne by other (non-Liable Entities) asbestos defendants who are held liable), peak year of claims, past history of claims numbers, average settlement rates, past history of Australian asbestos-related medical injuries, current number of claims, average defense and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims. While no assurances can be provided, if the Company signs the Principal Agreement and it is approved by all of the necessary parties, including the board of directors, shareholders and lenders, the Company expects to be able to partially recover losses from various insurance carriers. As of March 31, 2005, KPMG Actuaries' undiscounted central estimate of asbestos-related liabilities was A$3.604 billion. This undiscounted central estimate is net of expected insurance recoveries of A$453.0 million after making a general credit risk allowance for bad debt insurance carriers and an allowance for A$49.8 million of "by claim" or subrogation recoveries from other third parties.

Currently, the timing of any potential payments is uncertain because the Company has not yet reached agreement with the NSW Government and the conditions precedent to any agreement that may be reached have not been satisfied. In addition, the Company has not yet incurred any settlement costs because the Foundation continues to meet all claims of the Liable Entities. The Company is currently unable to estimate the expected cost of administering and litigating the claims under the potential agreement with the NSW Government because this is highly contingent upon the final outcome of the NSW Government's review of legal and administrative costs.

Accordingly, the Company has not established a provision for asbestos-related liabilities as of March 31, 2005 because at this time it is not probable and estimable in accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies."

Claims Data

The following table, provided by KPMG Actuaries, shows the number of claims pending as of March 31, 2005 and 2004.

	March 31,	
	2005	2004
Australia	712	687
New Zealand	—	—
Unknown-Court Not Identified(1)	36	51
USA	1	5

(1) The "Unknown — Court Not Identified" designation reflects that the information for such claims had not been, as of the date of publication, entered into the database which the Foundation maintains. Over time, as the details of "unknown" claims are provided to the Foundation, the Company believes the database is updated to reflect where such claims originate. Accordingly, the Company understands the number of unknown claims pending fluctuates due to the resolution of claims as well as the reclassification of such claims.

For the years ended March 31, 2005, 2004 and 2003, the following tables, provided by KPMG Actuaries, show the claims filed, the number of claims dismissed, settled or otherwise resolved for each period, and the average settlement amount per claim.

	Australia Years Ended March 31,		
	2005	2004	2003
Number of claims filed	489	379	402
Number of claims dismissed	62	119	29
Number of claims settled or otherwise resolved	402	316	231
Average settlement amount per claim	A$ 157,594	A$ 167,450	A$ 204,194

	New Zealand Years Ended March 31,		
	2005	2004	2003
Number of claims filed	—	—	—
Number of claims dismissed	—	—	2
Number of claims settled or otherwise resolved	—	—	1
Average settlement amount per claim	—	—	A$ 2,000

	Unknown — Court Not Identified Years Ended March 31,		
	2005	2004	2003
Number of claims filed	7	1	7
Number of claims dismissed	20	15	—
Number of claims settled or otherwise resolved	2	—	3
Average settlement amount per claim	A$ 47,000	—	A$ 37,090

	USA Years Ended March 31,		
	2005	2004	2003
Number of claims filed	—	—	—
Number of claims dismissed	3	1	—
Number of claims settled or otherwise resolved	1	—	—
Average settlement amount per claim	A$ 228,293	—	—

The following table, provided by KPMG Actuaries, shows the activity related to the numbers of open claims, new claims, and closed claims during each of the past five years and the average settlement per settled claim and case closed.

	As of March 31,				
	2005	2004	2003	2002	2001
Number of open claims at beginning of year	743	814	671	569	507
Number of new claims	496	380	409	375	284
Number of closed claims	490	451	266	273	222
Number of open claims at year-end	749	743	814	671	569
Average settlement amount per settled claim	A$ 157,223	A$ 167,450	A$ 201,200	A$ 197,941	A$ 179,629
Average settlement amount per case closed	A$ 129,949	A$ 117,327	A$ 177,752	A$ 125,435	A$ 128,653

The Company has not had any responsibility or involvement in the management of claims against ABN 60 since the time it left the James Hardie Group in 2003. Since February 2001, when Amaca and Amaba were separated from the James Hardie Group neither JHI NV nor any current subsidiary of JHI NV has had any responsibility or involvement in the management of claims against those entities. Prior to that date, the principal entity potentially involved in relation to such claims was ABN 60, which has not been a member of the James Hardie Group since March 2003.

On April 15, 2005, the Company announced that it had extended the coverage of the funding arrangements agreed under the Heads of Agreement to enable the SPF to settle or meet proven Claims by members of the Baryugil community in Australia against Asbestos Mines, a former ABN 60 subsidiary which conducted asbestos-related mining activities in or around Baryugil. The Company has no current right to access any Claims information in relation to Claims against Asbestos Mines, and has no current involvement in the management or settlement of such Claims. The Company's proposal to provide additional funding to the SPF will be based on actuarial assessments of the estimated Claims against Asbestos Mines. The Company's proposal is not limited as to the time period to which the Claims arose.

The Company's offer to extend the funding arrangements of the SPF to permit the SPF to meet proven asbestos-related Claims from members of the Baryulgil community is proposed to be implemented subject to the same or similar conditions applicable to funding provided to the SPF for use in meeting proven claims from Amaca, Amaba and ABN 60, including that information in relation to the proven claims is provided to the Company. Asbestos Mines has not been part of the James Hardie Group since 1976, when it was sold to Woodsreef Mines Ltd, which was subsequently renamed Mineral Commodities Ltd. From 1954 until 1976, Asbestos Mines was a wholly owned subsidiary of James Hardie Industries Limited (now ABN 60). Except as described below, the Company has not had access to any information regarding claims or the decisions taken by the Foundation in relation to them.

On October 26, 2004, the Company, the Foundation and KPMG Actuaries entered into an agreement under which the Company would be entitled to obtain a copy of the actuarial report prepared by KPMG Actuaries in relation to the claims liabilities of the Foundation and Amaba and Amaca, and would be entitled to publicly release the final version of such reports. The Company is seeking to obtain similar rights of access to actuarial information produced for the SPF by the actuary to be appointed by the SPF (the "Approved Actuary"). The terms of such access are not yet settled. The Company's future disclosures with respect to claims statistics is subject to it obtaining such information from the Approved Actuary. The Company has had no general right (and will not obtain any right under the Principal Agreement) to audit or otherwise itself independently verify such information or the methodologies to be adopted by the Approved Actuary. As a result of the above, the Company cannot make any representations or warranties as to the accuracy or completeness of the actuarial information disclosed herein or disclosed in the future.

SCI and Other Related Expenses

The Company has incurred substantial costs associated with the SCI and may incur material costs in the future related to the SCI or subsequent legal proceedings. The following are the components of SCI and other related expenses:

	Year Ended March 31, 2005 (Millions of US dollars)
SCI	$ 6.8
Internal investigation	4.9
ASIC investigation	1.2
Severance and consulting	6.0
Resolution advisory fees	6.4
Funding advice and other	2.8
Total SCI and other related expenses	$ 28.1

Internal investigation costs relate to an internal investigation conducted by independent legal advisors to investigate the impact on the financial statements of allegations raised during the SCI and in order to assist in completion of the preparation and filing of the Company's Form 20-F in the United States for the year ended March 31, 2004.

Australian Securities and Investments Commission Investigation

ASIC has announced that it is conducting an investigation into the events examined by the SCI, without limiting itself to the evidence compiled by the SCI. ASIC has served notices to produce relevant documents upon the Company, various directors and officers of the Company and on certain of its advisers and auditors at the time of the separation and restructure transactions described above. ASIC has also served notices requiring the production by the Company and ABN 60 of certain computerized information and requiring certain current and former directors of ABN 60 or the Company to present themselves for examination by ASIC delegates. To date, ASIC has announced that it is investigating various matters, but it has not specified the particulars of alleged contraventions under investigation, nor has it announced that it has reached any conclusion that any person or entity has contravened any relevant law.

To assist ASIC's investigation, the Australian Federal Government enacted legislation to abrogate the legal professional privilege which would otherwise have attached to certain documents relevant to matters under investigation or to any future proceedings to be taken. The legislation is set out in the James Hardie (Investigations and Proceedings) Act 2004.

The Company may incur liability to meet the costs of current or former directors, officers or employees of the James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the Company to those persons. To date, no claims have been received from any current or former officers in relation to the ASIC investigation, except in relation to the examination by a former director of ABN 60 by ASIC delegates, the amount of which cannot be assessed at present. In relation to this claim and any others that may arise, the Company may be reimbursed in whole or in part under directors' and officers' insurance policies maintained by the Company.

Severance Agreements

On October 20, 2004, Mr. Peter Shafron resigned from the Company and on October 21, 2004, Mr. Peter Macdonald resigned from the Company. In connection with these resignations, the Company incurred severance costs of $8.9 million in the period ended March 31, 2005. These costs comprised $6.0 million of additional expense and $2.9 million of previously existing accruals.

Interim Funding and ABN 60 Indemnity

The Company has undertaken a number of initiatives to seek to ensure that payment of asbestos-related Claims by the Foundation is not interrupted due to insolvency of Amaba or Amaca prior to the expected timing of the Company's entry into the Principal Agreement. The initiatives are described further below. The Company believes that the Foundation is unlikely to need to avail itself of the financial assistance which has been offered by the Company, on the basis that on December 3, 2004 and in part as a result of the initiatives undertaken by the Company, the Foundation received a payment of approximately A$88.5 million from ABN 60 for use in processing and meeting asbestos-related claims pursuant to the terms of a deed of covenant and indemnity which ABN 60, Amaca and Amaba had entered into in February 2001.

The Company facilitated the payment of such funds by granting an indemnity (under a separate deed on indemnity) to the directors of ABN 60, which it announced on November 16, 2004. Under the terms of that indemnity, the Company agreed to meet any liability incurred by the ABN 60 directors resulting from the release of the A$88.5 million by ABN 60 to the Foundation. The Company believes that the release of funding by ABN 60 is in accordance with law and contracts in place and therefore the Company should not incur liability under this indemnity. The Company did not make any payments in relation to this indemnity during the year ended March 31, 2005.

Additionally, on November 16, 2004, the Company offered to provide funding to the Foundation on an interim basis for a period of up to six months from that date. Such funding would only be provided once existing Foundation funds have been exhausted. The Company believes, based on actuarial and legal advice, that claims against the Foundation should not exceed the funds which are available to the Foundation (particularly in the light of its receipt of the A$88.5 million described above) or which are expected to become available to the Foundation during the period of the interim funding proposal.

On March 31, 2005, the Company renewed its commitment to assist the Foundation to provide interim funding, if necessary, prior to the Principal Agreement being finalized in accordance with the updated timetable announced at that date and described above.

The Company has not recorded a provision for either the proposed indemnity or the potential payments under the interim funding proposal. The Company has not made any payments in relation to this offer.

With regard to the ABN 60 indemnity, there is no maximum value or limit on the amount of payments that may be required. As such, the Company is unable to disclose a maximum amount that could be required to be paid. The Company believes, however, that the expected value of any potential future payments resulting from the ABN 60 indemnity is zero and that the likelihood of any payment being required under this indemnity is remote.

Financial Position of the Foundation

On the basis of the current cash and financial position of the Foundation's subsidiaries (Amaca and Amaba) and following the Company's entry into the Heads of Agreement, the applications previously made to the Supreme Court of NSW for the appointment of a provisional liquidator to the Foundation's subsidiaries, were dismissed with their consent.

Item 5. *Operating and Financial Review and Prospects*

For the periods prior to October 19, 2001, the effective date of the 2001 Reorganization, the consolidated financial statements represent the financial position and results of operations of JHIL and its wholly owned subsidiaries. The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes thereto, included under Item 18.

Overview

We intend this discussion to provide information that will assist in understanding our March 31, 2005 consolidated financial statements, the changes in significant items in those consolidated financial statements

from year to year, and the primary reasons for those changes. This discussion includes information about our critical accounting policies and how these policies affect our consolidated financial statements and information about the consolidated financial results of each business segment to provide a better understanding of how each segment and its results affect our financial condition and operating results as a whole. Our March 31, 2005 consolidated financial statements and the notes accompanying those consolidated financial statements should be read in conjunction with this discussion. In addition, during fiscal year 2005, we incurred significant costs associated with the SCI and other related matters. We have continued to incur material costs associated with the SCI and other related matters and expect to incur such costs in the short-term. Information regarding the SCI and other related matters can be found in this discussion, Item 3, "Risk Factors," Item 4, "Information on the Company — Legal Proceedings" and Note 13 to our consolidated financial statements in Item 18.

The Company and the Building Product Markets

Based on net sales, we believe we are the largest manufacturer of fiber cement products and systems for internal and external building construction applications in the United States, Australia, New Zealand and the Philippines and the second largest manufacturer of flat sheet products in Chile. Our current primary geographic markets include the United States, Australia, New Zealand, the Philippines, Chile and Europe. Through significant research and development expenditure, we develop key product and production process technologies that we patent or hold as trade secrets. We believe that these technologies give us a competitive advantage in the markets in which we sell our products.

We manufacture numerous types of fiber cement products with a variety of patterned profiles and surface finishes for a range of applications including external siding and soffit lining, trim, roofing, internal linings, facades, floor and tile underlayments, drainage pipes and decorative columns. Our products are used in various market segments, including new residential construction, manufactured housing, repair and remodel and a variety of commercial and industrial construction applications. We believe that in certain construction applications, our fiber cement products and systems provide a combination of distinctive performance, design and cost advantages over competing building products and systems.

Our products are primarily sold to the residential housing markets. Residential construction fluctuates based on the levels of new home construction activity and the repair and remodeling of existing homes. These levels of activity are affected by many factors including home mortgage interest rates, inflation rates, unemployment levels, existing home sales, the average age and the size of housing inventory, consumer home repair and remodel spending, gross domestic product growth and consumer confidence levels. These factors were generally favorable during fiscal year 2005, resulting in healthy levels of residential construction and home repair and remodel activity.

Fiscal Year 2005 Key Results

Total net sales increased 23% to $1,210.4 million in fiscal year 2005, operating income increased 14% to $196.2 million, and income from continuing operations increased 2% to US$127.9 million.

Our largest market is North America, where fiber cement is one of the fastest growing segments of the external siding market. During fiscal year 2005, USA Fiber Cement net sales contributed approximately 78% of total net sales, and its operating income was the primary contributor of total Company operating income. Net sales increased due to increased sales volume and a higher average net sales price. Operating income increased from fiscal year 2004 primarily due to growth in net sales, partly offset by an increase in unit cost of sales, unit freight cost, general liability insurance and selling, general and administrative expenses.

Asia Pacific net sales contributed approximately 20% of total net sales, and its operating income was the second largest contributor of total Company operating income. Net sales increased in fiscal year 2005 in both our Australia and New Zealand and our Philippines Fiber Cement businesses. In our Australia and New Zealand business, this increase was primarily due to favorable foreign currency exchange rates. Operating income increased primarily due to cost savings and the impact of a cost provision recorded in the fiscal year

2004 that did not recur in fiscal year 2005 related to our Australia and New Zealand business and favorable foreign currency exchange rate differences.

In our emerging businesses of Chile Fiber Cement, Europe Fiber Cement and USA Hardie Pipe, we continued to make good progress. Our Chilean business recorded a small positive operating income in each quarter of fiscal year 2005. Our USA Hardie Pipe business significantly reduced its operating loss compared to fiscal year 2004. Our Europe Fiber Cement business incurred an operating loss for fiscal year 2005 as expected as we continued to build awareness of our products among distributors, builders and contractors, and added further distribution outlets in both the U.K. and French markets. In addition, our Artisan™ Roofing business is continuing to prove its business model and remains focused on market testing, refining the manufacturing operation and improving productivity.

For further information regarding our business and operations, please see Item 4, "Information on the Company."

Critical Accounting Policies

The accounting policies affecting our financial condition and results of operations are more fully described in Note 2 to our consolidated financial statements included in Item 18. Certain of our accounting policies require the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying value of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. We consider the following policies to be the most critical in understanding the judgments that are involved in preparing our consolidated financial statements and the uncertainties that could impact our results of operations, financial condition and cash flows.

Accounting for Contingencies

We account for loss contingencies in accordance with SFAS No. 5, "Accounting for Contingencies," under which we accrue amounts for losses arising from contingent obligations when the obligations are probable and the amounts are reasonably estimable. As facts concerning contingencies become known, we reassess our situation and make appropriate adjustments to the consolidated financial statements. For additional information regarding asbestos-related matters, see Item 3, "Risk Factors," Item 4, "Information on the Company — Legal Proceedings" and Note 13 to our consolidated financial statements in Item 18.

Sales

We record estimated reductions to sales for customer rebates and discounts including volume, promotional, cash and other rebates and discounts. Rebates and discounts are recorded based on management's best estimate when products are sold. The estimates are based on historical experience for similar programs and products. Management reviews these rebates and discounts on an ongoing basis and the related accruals are adjusted, if necessary, as additional information becomes available.

Accounts Receivable

We evaluate the collectibility of accounts receivable on an ongoing basis based on historical bad debts, customer credit-worthiness, current economic trends and changes in our customer payment activity. An allowance for doubtful accounts is provided for known and estimated bad debts. Although credit losses have historically been within our expectations, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past. Because our accounts receivable are concentrated in a relatively small number of customers, a significant change in the liquidity or financial position of any of these customers could impact their ability to make payments and result in the need for additional allowances which would

decrease our net sales. For additional information regarding our customer concentration, see Item 3, "Risk Factors."

Inventory

Inventories are recorded at the lower of cost or market. In order to determine market, management regularly reviews inventory quantities on hand and evaluates significant items to determine whether they are excess, slow-moving or obsolete. The estimated value of excess, slow-moving and obsolete inventory is recorded as a reduction to inventory and an expense in cost of sales in the period it is identified. This estimate requires management to make judgments about the future demand for inventory, and is therefore at risk to change from period to period. If our estimate for the future demand for inventory is greater than actual demand and we fail to reduce manufacturing output accordingly, we could be required to record additional inventory reserves, which would have a negative impact on our gross profit.

Accrued Warranty Reserve

We offer various warranties on our products, including a 50-year limited warranty on certain of our fiber cement siding products in the United States. Because our fiber cement products have only been used since the early 1980s, there is a risk that these products will not perform in accordance with our expectations over an extended period of time. A typical warranty program requires that we replace defective products within a specified time period from the date of sale. We record an estimate for future warranty related costs based on an analysis of actual historical warranty costs as they relate to sales. Based on this analysis and other factors, we adjust the amount of our warranty provisions as necessary. Although our warranty costs have historically been within calculated estimates, if our experience is significantly different from our estimates, it could result in the need for additional reserves. For additional information regarding warranties, see Item 3, "Risk Factors."

Accounting for Income Tax

We account for income taxes according to SFAS No. 109, "Accounting for Income Taxes," under which we compute our deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We must assess whether, and to what extent, we can recover our deferred tax assets. If full or partial recovery is unlikely, we must increase our income tax expense by recording a valuation allowance against the portion of deferred tax assets that we cannot recover. We believe that we will recover all of the deferred tax assets recorded (net of valuation allowance) on our consolidated balance sheet at March 31, 2005. However, if facts later indicate that we will be unable to recover all or a portion of our net deferred tax assets, our income tax expense would increase in the period in which we determine that recovery is unlikely.

Due to our size and the nature of our business, we are subject to ongoing reviews by the Internal Revenue Service ("IRS") and other taxing jurisdictions on various tax matters, including challenges to various positions we assert. We accrue for tax contingencies based upon our best estimate of the taxes ultimately expected to be paid, which we update over time as more information becomes available. Such amounts are included in taxes payable or other non-current liabilities, as appropriate. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We record an additional charge in the period in which we determine that the recorded tax liability is less than we expect the ultimate assessment to be.

Tax authorities from various jurisdictions in which we operate are in the process of auditing our respective jurisdictional income tax returns for various ranges of years. None of the audits have progressed sufficiently to predict their ultimate outcome. We have accrued income tax liabilities for these audits based upon knowledge of all relevant facts and circumstances, taking into account existing tax laws, our experience with previous audits and settlements, the status of current tax examinations, and how the tax authorities view certain issues.

Results of Operations

In fiscal years 2003 through 2005, there was a significant increase in net sales generated from our USA Fiber Cement operations primarily as a result of demand for our fiber cement products and $282.0 million in capital investments during fiscal years 2003 to 2005 in this segment.

The following table shows our selected financial and operating data for continuing operations, expressed in millions of U.S. dollars and as a percentage of total net sales:

	Fiscal Years Ended March 31,					
	2005		2004		2003	
Net sales:						
USA Fiber Cement	$ 939.2	77.6%	$ 738.6	75.2%	$ 599.7	76.5%
Asia Pacific Fiber Cement	236.1	19.5	219.8	22.4	174.3	22.2
Other(1)	35.1	2.9	23.5	2.4	9.6	1.3
Total net sales	1,210.4	100.0	981.9	100.0	783.6	100.0
Cost of goods sold	(784.0)	(64.8)	(623.0)	(63.4)	(492.8)	(62.9)
Gross profit	426.4	35.2	358.9	36.6	290.8	37.1
Selling, general and administrative expenses	(174.5)	(14.4)	(162.0)	(16.5)	(144.9)	(18.5)
Research and development expenses	(21.6)	(1.8)	(22.6)	(2.3)	(18.1)	(2.3)
SCI and other related expenses	(28.1)	(2.3)	—	—	—	—
Other operating (expense) income	(6.0)	(0.5)	(2.1)	(0.3)	1.0	0.1
Operating income	196.2	16.2	172.2	17.5	128.8	16.4
Interest expense	(7.3)	(0.6)	(11.2)	(1.1)	(23.8)	(3.0)
Interest income	2.2	0.2	1.2	0.1	3.9	0.5
Other (expense) income	(1.3)	(0.1)	3.5	0.4	0.7	0.1
Income from continuing operations before income taxes	189.8	15.7	165.7	16.9	109.6	14.0
Income tax expense	(61.9)	(5.1)	(40.4)	(4.1)	(26.1)	(3.3)
Income from continuing operations	$ 127.9	10.6%	$ 125.3	12.8%	$ 83.5	10.7%

(1) Includes sales of fiber cement in Chile and fiber reinforced concrete pipes in the United States, our roofing operations in the United States and fiber cement operations in Europe.

Year Ended March 31, 2005 Compared to Year Ended March 31, 2004

Total Net Sales. Total net sales increased 23% compared to fiscal year 2004, from $981.9 million in fiscal year 2004 to $1,210.4 million in fiscal year 2005. Net sales from USA Fiber Cement increased 27% from $738.6 million in fiscal year 2004 to $939.2 million in fiscal year 2005 due to continued strong growth in sales volumes and a higher average net sales price. Net sales from Asia Pacific Fiber Cement increased 7% from $219.8 million in fiscal year 2004 to $236.1 million in fiscal year 2005 due to increased sales volumes and favorable foreign currency movements. Net sales from Other Fiber Cement increased 49% from $23.5 million in fiscal year 2004 to $35.1 million in fiscal year 2005 as the Chilean flat sheet business, the USA Hardie Pipe business and Europe Fiber Cement business continued to grow.

USA Fiber Cement Net Sales. Net sales increased 27% from $738.6 million in fiscal year 2004 to $939.2 million in fiscal year 2005 due to increased sales volumes and a higher average net sales price. Sales volume increased 22% from 1,519.9 million square feet in fiscal year 2004 to 1,855.1 million square feet in fiscal year 2005, primarily due to continued strong growth in primary demand for fiber cement and a favorable housing construction market. New residential housing construction remained buoyant during the year due to

strong consumer demand and low inventories of houses for sale, fueled by low interest rates, solid housing prices and a strengthening domestic economy.

We continued to grow sales in both our emerging and established geographic markets and in our exterior and interior product markets. Further market share was gained in our emerging geographic markets as our exterior products continued to penetrate against alternative materials, primarily wood-based and vinyl siding. There continued to be growth in sales of higher-priced, differentiated products such as vented soffits, Heritage® panels, the ColorPlus™ Collection of pre-painted siding and Harditrim® XLD® Planks. There were further market share gains in the interior products market, with sales of Hardibacker 500® half-inch backerboard up strongly compared to fiscal year 2004.

The average net sales price increased 4% from $486 per thousand square feet in fiscal year 2004 to $506 per thousand square feet in fiscal year 2005. The increase was due to proportionally stronger growth of differentiated, higher priced products, including Harditrim®, vented soffit and the ColorPlus™ Collection, and price increases for some products that became effective on July 1, 2004 and January 1, 2005.

Our West Coast manufacturing capacity increased during fiscal year 2005 with the addition of our new fiber cement plant in Reno, Nevada. The plant began producing product in the fourth quarter of fiscal year 2005 and its ramp-up is progressing well. At fiscal year end 2005, we were in pre-production with our new 160 million square foot trim line in Peru, Illinois. Also, during fiscal year 2005, we added pre-finishing capacity in Peru, Illinois and began construction of our tenth plant in Pulaski, Virginia.

Asia Pacific Fiber Cement Net Sales. (See "Notes to Results of Operations" on page 61). Net sales increased 7% from $219.8 million in fiscal year 2004 to $236.1 million in fiscal year 2005. Net sales increased 1% in Australian dollars. Sales volume increased 4% from 362.1 million square feet in fiscal year 2004 to 376.9 million square feet in fiscal year 2005.

In our Australian and New Zealand Fiber Cement business, net sales increased 8% from $195.5 million in fiscal year 2004 to $210.1 million in fiscal year 2005 due to a higher average net sales price and favorable foreign currency movements. In Australian dollars, net sales increased 1%. Sales volumes decreased from 284.2 million square feet in fiscal year 2004 to 283.3 million square feet in fiscal year 2005 primarily due to weaker market conditions in Australia and the impact of product bans and boycotts in Australia connected with the SCI and release of the SCI report. In Australia, new residential housing activity improved early in fiscal year 2005 led by buoyant activity in Queensland, and the renovation and commercial segments also remained strong early in fiscal year 2005. However, both new residential housing and renovations activity softened over fiscal year 2005. In New Zealand, new residential housing activity was robust in the first half of fiscal year 2005 but softened slightly during the second half of fiscal year 2005. Sales of our Linea® weatherboards continued to grow strongly. The average net sales price increased 1% in Australian dollars. During fiscal year 2005, we launched Eclipsa™ Eaves Lining, a new pre-painted eave product, across Australia. Eclipsa™ offers cost benefits and construction advantages over non-painted eave products and we expect that it will be received favorably by builders.

In the Philippines, net sales increased 25% from $20.8 million in fiscal year 2004 to $26.0 million in fiscal year 2005. In local currency, net sales increased 27%. This increase was due to a 20% increase in sales volume and a 5% increase in the average net sales price. The increase in the average net sales price was due to a change in sales mix between domestic and export sales and higher domestic prices in the second half of fiscal year 2005. Increased market penetration and regional exports resulted in significantly stronger demand during fiscal year 2005.

Other Sales. Other sales include sales of our fiber cement products manufactured in Chile, sales of Hardie® Pipe in the United States, our roofing operations in the United States and fiber cement operations in Europe.

Our Chilean business continued to increase its penetration of the domestic flat sheet market and increased sales of higher-priced, differentiated products, and increased regional exports. Net sales increased compared to fiscal year 2004, due to growth in sales volume and a higher average net sales price. In local

currency, the average net sales price decreased primarily due to the impact of a weaker U.S. dollar on export prices, partly offset by higher domestic prices and a change in the sales mix. Construction activity in Chile continued to show signs of improvement during fiscal year 2005.

Our USA Hardie Pipe business continued to penetrate the Florida market of the United States and to improve its manufacturing efficiency. Net sales for fiscal year 2005 increased strongly due to increased sales volumes and higher prices despite severe weather in Florida that adversely affected sales in the first half of fiscal year 2005. The increase in sales volume was due to market share gains and buoyant construction activity in Florida. The average net sales price improved strongly during fiscal year 2005, reflecting favorable market conditions and improved customer focus by the business. The manufacturing performance of our plant also improved significantly during fiscal year 2005, but operating costs remain above our targets.

Our European business continued to grow demand during fiscal year 2005 by building awareness of our products among distributors, builders and contractors, and by adding further distribution outlets in both the U.K. and French markets. Sales have continued to build steadily since commencement of operations in the first quarter of fiscal year 2004. Progress on creating primary demand in Europe for fiber cement siding products and converting tile applications from drywall and wood to fiber cement products, remains in line with management expectations.

In June 2003, we completed construction and began production trials at our pilot roofing plant in Fontana, California. The pilot plant, which has a design capacity of 25 million square feet, was built to test our proprietary manufacturing technology and to provide product for market testing in Southern California. Our roofing business is continuing to prove its business model and remains focused on market testing, refining the manufacturing operation and improving productivity. Our Artisan™ Roofing product, made from a new lightweight concrete roofing technology, has now been launched in all our targeted markets in California.

Gross Profit. Gross profit increased 19% from $358.9 million in fiscal year 2004 to $426.4 million in fiscal year 2005 due to improvements in our major businesses. The gross profit margin decreased 1.4 percentage points to 35.2% in fiscal year 2005.

USA Fiber Cement gross profit increased 19% due to higher net sales, partly offset by an increase in unit cost of sales and increased freight costs. The higher unit cost of sales resulted primarily from increased sales of higher-priced, differentiated products, higher pulp and cement costs, maintenance expenses and a temporary reduction in manufacturing efficiency at some plants that occurred during the second quarter of fiscal year 2005. Higher freight costs were primarily related to an increase in length of haul of some products due to supply issues associated with a temporary reduction in plant manufacturing efficiency in the second quarter of fiscal year 2005, and higher fuel costs and general liability insurance. The gross profit margin decreased 2.6 percentage points.

Asia Pacific Fiber Cement gross profit increased 11% following improvements from Australia and New Zealand Fiber Cement and Philippines Fiber Cement, which increased 8% and 53%, respectively. The improved result was due to manufacturing efficiency gains in both Australia and New Zealand and increased net sales in New Zealand, partly offset by reduced net sales in Australia attributable to weaker market conditions and product bans and boycotts in Australia connected with the SCI and release of its report. In the Philippines, increased sales accounted for the stronger gross profit performance. The Asia Pacific Fiber Cement gross profit margin increased 1.2 percentage points.

Selling, General and Administrative ("SG&A") Expenses. SG&A expenses increased 8% compared to fiscal year 2004, from $162.0 million to $174.5 million. The increase in SG&A expenses was due mainly to increased sales and marketing, information technology and other expenses associated with growth initiatives in the United States. As a percentage of sales, SG&A expenses for the year were 2.1 percentage points lower at 14.4%.

Research and Development Expenses. Research and development expenses include costs associated with "core" research projects that are designed to benefit all fiber cement business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs decreased 15% for fiscal year 2005, to $12.0 million. Other research and development costs

associated with commercialization projects in business units are included in the business related unit segment results. In total, these costs increased 13% to $9.6 million for fiscal year 2005.

SCI and Other Related Expenses. In February 2004, the NSW Government, Australia, established a SCI to investigate, among other matters, the circumstances in which the Foundation was established. Shortly after release of the SCI report on September 21, 2004, we commenced negotiations with the NSW Government, the ACTU, UnionsNSW and a representative of asbestos claimants in relation to our offer made to the SCI on July 14, 2004 to provide funds voluntarily for proven Australian-based asbestos-related injury and death claims against certain former James Hardie Group Australian subsidiaries. On December 21, 2004, we entered into a Heads of Agreement with the above parties to establish and fund a SPF to provide funding for these claims on a long-term basis. We have subsequently entered into negotiations with the NSW Government on an agreement that, when completed, we expect to be put to shareholders for approval.

Costs incurred during fiscal year 2005 associated with the SCI and other related matters totaled $28.1 million and included: $6.8 million related to the SCI; $4.9 million related to the internal investigation conducted by independent legal advisers, consistent with U.S. securities regulations, of the impact on our financial statements of allegations of illegal conduct raised during the SCI and any potential impacts on the financial statements (the investigation found there was no adverse impact on our 2004 financial statements); $1.2 million related to the ASIC investigation into the circumstances surrounding the creation of the Foundation; $6.4 million for resolution advisory services; $6.0 million in severance and consulting payments to former executives; and $2.8 million for other matters.

Further information on the SCI and other related matters can be found in Item 3, "Risk Factors" and Item 4, "Information on the Company — Legal Proceedings and Note 13 to our consolidated financial statements in Item 18."

Other Operating Expense. Other operating expense of $6.0 million in fiscal year 2005 relates to a settlement loss of $5.3 million for an employee retirement plan and loss on the sale of land in Sacramento, California. The retirement of a significant number of participants in the employee retirement plan resulted in a requirement under SFAS No. 88 to recognize and accelerate the amortizing of an actuarial loss for the plan. The other operating expense amount in fiscal year 2004 of $2.1 million mainly reflects an increase in cost provisions for our Australia and New Zealand business.

Operating Income. Operating income increased 14% from $172.2 million in fiscal year 2004 to $196.2 million in fiscal year 2005. The operating income margin decreased 1.3 percentage points to 16.2% in fiscal year 2005. Operating income includes SCI and other related expenses of $28.1 million.

USA Fiber Cement operating income increased 24% from $195.6 million in fiscal year 2004 to $241.5 million in fiscal year 2005. The increase was due to growth in net sales, partly offset by an increase in unit cost of sales, unit freight cost, general liability insurance and SG&A expenses. The increase in unit cost of sales was due to increased sales of higher cost differentiated products, higher pulp and cement costs, increased maintenance expenses and a temporary reduction in manufacturing efficiency at some plants that occurred during the second quarter of fiscal year 2005. Higher freight costs were primarily related to an increase in length of haul of some products due to supply issues associated with the temporary reduction in plant manufacturing efficiency and higher fuel costs. The operating income margin decreased 0.8 of a percentage point to 25.7%.

Asia Pacific Fiber Cement operating income increased 25% from $37.6 million in fiscal year 2004 to $46.8 million in fiscal year 2005. The operating income margin increased 2.7 percentage points to 19.8% in fiscal year 2005. Australia and New Zealand Fiber Cement operating income increased 20% from $35.4 million in fiscal year 2004 to $42.4 million in fiscal year 2005. In Australian dollars, Australia and New Zealand Fiber Cement operating income increased 12%. The increase in operating income in Australian dollars was mainly due to cost savings and the impact of a cost provision recorded in fiscal year 2004 that did not recur in fiscal year 2005. The operating income margin increased 2.1 percentage points to 20.2% in fiscal year 2005. Philippines Fiber Cement business more than doubled its positive operating income performance compared to fiscal year 2004 due to increased net sales.

The Chile Fiber Cement business recorded a small positive operating income in each quarter of fiscal year 2005.

Our USA Hardie Pipe business significantly reduced its operating loss compared to fiscal year 2004 due to increased sales volumes, higher selling prices and manufacturing cost savings.

Our Europe Fiber Cement business incurred an operating loss for fiscal year 2005 as expected.

General corporate costs increased $35.3 million from $27.5 million in fiscal year 2004 to $62.8 million in fiscal year 2005. This increase was primarily due to $28.1 million of SCI and other related expenses, a settlement loss of $5.3 million related to an employee retirement plan, a $0.7 million loss on sale of land owned in Sacramento, California and a net increase in other general corporate costs. Additionally, in the fiscal year 2004, we booked a reversal of an excess provision of $1.6 million related to a vendor dispute that we settled favorably that did not recur in fiscal year 2005. These increases were partially offset by a $2.5 million decrease in employee bonus plan expense and a $3.0 million decrease in employee share based compensation expense from stock appreciation rights primarily caused by a decrease in our share price.

Net Interest Expense. Net interest expense decreased by $4.9 million from $10.0 million in fiscal year 2004 to $5.1 million in fiscal year 2005, primarily due to a higher amount of interest expense capitalized on construction projects in fiscal year 2005 compared to fiscal year 2004, higher interest income in fiscal year 2005 due to higher average cash balances and lower interest expense in fiscal year 2005 due to lower average debt balances.

Other (Expense) Income. During fiscal year 2005, other expense consisted primarily of a $2.1 million impairment charge that we recorded on an investment in a company that filed a voluntary petition for reorganization under Chapter 11 of the U.S. bankruptcy code, partially offset by a $0.8 million gain on a separate investment. In fiscal year 2004, we realized a gain before income tax of $4.5 million on the sale of property formerly owned by one of our New Zealand subsidiaries. Additionally, a previously recorded liability related to potential contingent legal claims was reversed, resulting in income of $4.3 million. We also realized $0.1 million in net investment income. These income items were partially offset by an impairment charge of $2.2 million that we recorded on an investment in a company that filed a voluntary petition for reorganization under Chapter 11 of the U.S. bankruptcy code. Additionally, we incurred an expense of $3.2 million primarily due to a capital duty fee paid in conjunction with our Dutch legal structure. We incurred this to extend the scope of our international finance subsidiary to lend to global operations.

Income Tax Expense. Income tax expense increased by $21.5 million from $40.4 million in fiscal year 2004 to $61.9 million in fiscal year 2005 due to the increase in profit, the geographic mix of earnings, estimated income tax contingencies recorded during fiscal year 2005 and non-deductible SCI and other related expenses.

Income from Continuing Operations. Income from continuing operations increased from $125.3 million in fiscal year 2004 to $127.9 million in fiscal year 2005. Income from continuing operations includes SCI and other related expenses of $28.1 million and a related tax benefit of $5.8 million.

Year Ended March 31, 2004 Compared to Year Ended March 31, 2003

Total Net Sales. Total net sales increased 25% from $783.6 million in fiscal year 2003 to $981.9 million in fiscal year 2004. Net sales from USA Fiber Cement increased 23% from $599.7 million in fiscal year 2003 to $738.6 million in fiscal year 2004 due to continued strong growth in sales volumes and higher average net selling prices. Net sales from Asia Pacific Fiber Cement increased 26% from $174.3 million in fiscal year 2003 to $219.8 million in fiscal year 2004 due to increased sales volumes and favorable currency exchange rate differences. Net sales from Other Fiber Cement increased 145% from $9.6 million in fiscal year 2003 to $23.5 million in fiscal year 2004 due to continued growth in the Chilean flat sheet business, the USA Hardie Pipe business and the Europe Fiber Cement business.

USA Fiber Cement Net Sales. Net sales increased 23% from $599.7 million in fiscal year 2003 to $738.6 million in fiscal year 2004. Sales volume increased 19% from 1,273.6 million square feet in fiscal year

2003 to 1,519.9 million square feet in fiscal year 2004 due to strong growth in primary demand for fiber cement and a favorable housing construction market. Residential housing activity remained healthy during fiscal year 2004 buoyed by low mortgage rates, strong housing prices, low inventory levels of new homes for sale and a recovering domestic economy. Strong growth continued in both the interior and exterior product markets and in our emerging and established markets as our products continued to take share from alternative materials, mainly wood-based and vinyl siding.

The average net selling price increased 3% from $471 per thousand square feet in fiscal year 2003 to $486 per thousand square feet in fiscal year 2004. This was due to an increased proportion of sales of higher-priced, differentiated products and a price increase in some regions implemented in the first quarter of fiscal year 2004.

In the exterior products market, there was continued strong growth in sales of higher-priced, differentiated products such as vented soffits, Heritage® panels, the ColorPlus™ Collection of pre-painted siding and Harditrim® XLD® planks. In the interior products market, sales of our Hardibacker 500® half-inch backerboard grew strongly as it further penetrated its target market, helping to lift our share of the interior cement board market.

During the fourth quarter of fiscal year 2004, we began construction of our new 300 million square foot green-field fiber cement plant in Reno, Nevada. The plant will service the rapidly growing demand in the West Coast region of the United States and is expected to begin production by the end of calendar year 2004.

During fiscal year 2004, we completed the upgrade of and began ramping-up our Blandon, Pennsylvania plant, which we acquired from Cemplank in December 2001. The upgrade increased design capacity of the plant from 120 million square feet to 200 million square feet. We also completed the upgrade of and began ramping-up our 160 million square foot panel production line at our Waxahachie, Texas plant. In addition, in fiscal year 2004, we commissioned and began ramping-up our new proprietary pre-finishing line at our Peru, Illinois plant. This is expected to significantly reduce painting costs for our ColorPlus™ Collection of exterior siding, and help to accelerate our market penetration in the northern region of the United States. Also, at our Peru, Illinois plant, we commenced construction of a new 160 million square foot trim line, which we expect to begin production by the fourth quarter of fiscal year 2005.

Asia Pacific Fiber Cement Net Sales (See "Notes to Results of Operations" on page 61). Net sales increased 26% from $174.3 million in fiscal year 2003 to $219.8 million in fiscal year 2004. Net sales increased 2% in Australian dollars. Sales volume increased 3% from 349.9 million square feet in fiscal year 2003 to 362.1 million square feet in fiscal year 2004. Net selling price decreased by 3% primarily due to the increase in the Philippines' product mix in overall Asia Pacific net sales.

In Australia and New Zealand Fiber Cement, net sales increased 25% from $156.3 million in fiscal year 2003 to $195.5 million in fiscal year 2004, primarily due to favorable foreign exchange rate differences. In Australian dollars, net sales increased 1%. The increase in net sales in local currency was due to a 1% increase in sales volume from 280.2 million square feet in fiscal year 2003 to 284.2 million square feet in fiscal year 2004. The average net selling price was flat compared to fiscal year 2003. In Australia, new residential housing activity slowed during the year, but was better than industry forecasts. The impact of this was partly offset by strong residential renovation and commercial activity. Fiber Reinforced Concrete ("FRC") Pipes continued to penetrate the targeted market and increased sales volumes compared to fiscal year 2003. During fiscal year 2004, FRC® pipes was successful in tendering to supply storm drainage pipes for the Sydney Orbital road project. The project involves the supply of a significant volume of FRC pipes over the next year. A new pipe standard was released by Standards Australia during fiscal year 2004. This will enable our fiber cement pipes to compete more effectively against steel reinforced concrete pipes. During fiscal year 2004, we launched ExoTec® Facade Panel, our new premium facade panel incorporating the next generation of fiber cement composites. The new product is designed for commercial applications. In New Zealand, new residential housing activity remained at healthy levels and demand was strong for soffits and weatherboards, including our Linea® product range of weatherboards, which uses proprietary low-density technology.

In the Philippines, net sales increased 16% from $18.0 million in fiscal year 2003 to $20.8 million in fiscal year 2004. In local currency, net sales increased 22%. Sales volume increased 12% from 69.7 million square feet in fiscal year 2003 to 77.9 million square feet in fiscal year 2004. The average net selling price increased 10% compared to fiscal year 2003 due to a combination of increased regional export business and expansion of product range into higher priced products in the domestic market.

Other Sales. Other sales include sales of our fiber cement products manufactured in Chile, sales of Hardie® Pipe in the United States, our roofing operations in the United States and fiber cement operations in Europe.

Our Chilean operation continued to increase its penetration of the local market in line with its targets. Net sales increased 167% compared to fiscal year 2003 due to a 103% increase in sales volume and a higher average net selling price. The level of construction activity in Chile improved during fiscal year 2004 after being stagnant since the end of 2001. The average net selling price increased due to strong export sales and growth in sales of higher-priced, differentiated products.

Our USA Hardie Pipe business continued to penetrate the southeast market of the United States and improve its manufacturing efficiency. Net sales increased 95% compared to fiscal year 2003 due to a 95% increase in sales volume. The average net selling price was flat compared to fiscal year 2003. Market acceptance of our fiber cement pipes continued to grow strongly and we further increased our share of the market for our targeted diameter range of drainage pipes in Florida. The manufacturing performance of the plant continued to improve during the period, reducing costs and increasing output, particularly of the larger diameter pipes. Despite the improved costs and output, manufacturing costs remain higher than our targets. The competitive response to our entry into the south-east market remains intense.

Our Europe Fiber Cement business commenced operations during fiscal year 2004 with the launch in the United Kingdom and France markets of our Hardibacker® backerboard range of interior products and our proprietary pre-painted siding products. Awareness of our product range among distributors, builders and contractors is growing and sales of Hardibacker® tile backer and our pre-painted siding products are in line with our expectations. In June 2003, we commissioned a new coating line near Southampton in England. The line is used to apply the finishing coat to siding products imported from our United States business.

In June 2003, we completed construction and began production trials at our pilot roofing plant at Fontana, California. The pilot plant, which has a design capacity of 25 million square feet, was built to test our proprietary manufacturing technology and to provide product for market testing in Southern California. Plant testing and manufacturing trials commenced during fiscal year 2004 and the first on-site installations of the new roofing product were completed. The first commercial sales of our Artisan™ roofing product were made in the second half of fiscal year 2004. There were no commercial sales in the first half of fiscal year 2005, but sales began in October 2004 and expected to ramp up through the end of fiscal year 2005. Interest in our roofing product within our targeted market is strong.

Gross Profit. Gross profit increased 23% from $290.8 million in fiscal year 2003 to $358.9 million in fiscal year 2004 due to improvements in all our major businesses. The gross profit margin decreased 0.5 of a percentage point to 36.6% in fiscal year 2004.

USA Fiber Cement gross profit increased 24% due to higher sales volumes and a higher average net selling price, partly offset by an increase in unit cost of sales and higher freight costs. The higher unit cost of sales resulted primarily from higher pulp costs, increased sales of higher-priced differentiated products and the ramp-up of the new manufacturing lines at the Blandon, Pennsylvania; Waxahachie, Texas; and Peru, Illinois plants. The gross profit margin increased 0.2 of a percentage point.

Asia Pacific Fiber Cement gross profit increased 19% following improvements from Australia and New Zealand Fiber Cement, and Philippines Fiber Cement, which increased 16% and 70%, respectively. The improved result for Australia and New Zealand was due to a favorable foreign exchange difference. In the Philippines, increased sales and reduced manufacturing costs resulted in the stronger gross profit performance. The Asia Pacific Fiber Cement gross profit margin decreased 2.1 percentage points.

Selling, General and Administrative (SG&A) Expenses. SG&A expenses increased 12% compared to the prior year, from $144.9 million in fiscal year 2003 to $162.0 million in fiscal year 2004. The increase in SG&A expenses was due mainly to sales and marketing expenses associated with growth initiatives in the USA. However, as a percentage of sales, SG&A expenses were 2.0 percentage points lower, at 16.5% in fiscal year 2004.

Research and Development Expenses. Research and development includes costs associated with "core" research projects that are aimed at benefiting all fiber cement business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs increased 36% during fiscal year 2004 to $14.1 million. Our Research and Development segment includes these costs and $3.5 million of Research and Development administrative expenses classified as SG&A expense. Other research and development costs associated with commercialization projects in business units are included in the business unit segment results. In total, these costs increased 10% to $8.5 million in fiscal year 2004.

Other Operating (Expenses)/ Income. Other operating expenses of $2.1 million in fiscal year 2004 mainly reflect an increase in cost provisions for our Australia and New Zealand business. In fiscal year 2003, we realized a $1.0 million gain from the settlement of a pulp hedge contract.

Operating Income. Operating income increased 34% from $128.8 million in fiscal year 2003 to $172.2 million in fiscal year 2004. The operating income margin increased 1.1 percentage points to 17.5% in fiscal year 2004.

USA Fiber Cement operating income increased 26% from $155.1 million in fiscal year 2003 to $195.6 million in fiscal year 2004. The increase was due to strong growth in net sales, partly offset by an increase in unit cost of sales, freight and SG&A expenses. The operating income margin increased 0.6 percentage points to 26.5% in fiscal year 2004.

Asia Pacific Fiber Cement operating income increased 38% from $27.3 million in fiscal year 2003 to $37.6 million in fiscal year 2004. The operating income margin increased 1.4 percentage points to 17.1% in fiscal year 2004. Australia and New Zealand Fiber Cement operating income increased 30% from $27.2 million in fiscal year 2003 to $35.4 million in fiscal year 2004, primarily due to favorable foreign exchange rate differences. In Australian dollars, Australia and New Zealand Fiber Cement operating income increased 5% mainly due to lower SG&A expenses, partly offset by a temporary decrease in manufacturing performance at the Rosehill, NSW plant during fiscal year 2004 and increased freight costs. The operating income margin for Australia and New Zealand Fiber Cement was 0.7 of a percentage point higher, at 18.1%. Our Philippines business recorded operating income of $2.2 million for fiscal year 2004 compared to a $0.1 million operating income in fiscal year 2003.

The Chile Fiber Cement business recorded its first full year positive operating income since commencing commercial production in 2001.

Despite continued strong volume growth and improved manufacturing performance, our USA Hardie Pipe business incurred an operating loss for the year due to low prices and higher than targeted unit costs.

Our Europe Fiber Cement business became operational during fiscal year 2004 and incurred an operating loss, as expected.

General corporate costs decreased by $2.4 million from $29.9 million in fiscal year 2003 to $27.5 million in fiscal year 2004. This decrease was primarily due to a reduction in employee bonus plan expense and a $1.6 million gain from the positive resolution of a vendor dispute, partly offset by changes in a number of other corporate expenses.

Net Interest Expense. Net interest expense decreased by $9.9 million from $19.9 million in fiscal year 2003 to $10.0 million in fiscal year 2004. In fiscal year 2003, we incurred a $9.9 million make-whole payment from the early retirement of $60.0 million of long-term debt. Interest expense decreased further by $2.7 million due to lower average borrowings. These decreases in net interest expense were partially offset by a $2.7 million decrease in interest income due to lower average cash balances compared to fiscal year 2003.

Other Income. We realized a gain before income tax of $4.5 million on the sale of property formerly owned by one of our New Zealand subsidiaries. Additionally, a previously recorded liability related to potential contingent legal claims was reversed, resulting in income of $4.3 million. We also realized $0.1 million in net investment income. These income items were partially offset by an impairment charge that we recorded of $2.2 million on an investment in a company that filed a voluntary petition for reorganization under Chapter 11 of the U.S. bankruptcy code. Additionally, we incurred an expense of $3.2 million primarily due to a capital duty fee paid in conjunction with our Dutch legal structure. We incurred this to extend the scope of our international finance subsidiary to lend to global operations.

Income Tax Expense. Income tax expense increased by $14.3 million from $26.1 million in fiscal year 2003 to $40.4 million in fiscal year 2004 due to the increase in profit.

Income from Continuing Operations. Income from continuing operations increased by 50% or $41.8 million, from $83.5 million in fiscal year 2003 to $125.3 million in fiscal year 2004.

Notes to Results of Operations

Volume and Average Net Selling Price — Asia Pacific Fiber Cement — Adjusted:

During the first quarter of fiscal year 2005, we disclosed in a Form 6-K that in fiscal years 2004 and 2003, our Asia Pacific Fiber Cement segment reported incorrect volume figures due to errors when converting to our standard square feet measurement and due to our Philippines Fiber Cement business including intercompany volume during fiscal year 2004. The following table presents adjusted volume and average net sales price for our Asia Pacific Fiber Cement business segment. We have adjusted this Form 20-F for the revised volume and average net sales price.

	Fiscal Years Ended March 31,			
	2004		2003	
	As Previously Published	Adjusted Figure	As Previously Published	Adjusted Figure
Volume (million square feet)	402.1	362.1	368.3	349.9
Average sales price per unit (per thousand square feet)	A$ 788	A$ 862	A$ 843	A$ 887

Net Sales — Philippines Fiber Cement — Adjusted:

During the first quarter of fiscal year 2005, we disclosed in a Form 6-K that in fiscal year 2004, our Philippines business incorrectly reported intercompany transfers as external net sales and cost of sales. Adjustment to the Philippines Fiber Cement discussion is necessary to provide an accurate year-to-year discussion of Philippines Fiber Cement net sales. Therefore, for discussion purposes only, for the Philippines Fiber Cement business, we adjusted fiscal year 2004 Philippines Fiber Cement net sales. We have not restated the Asia Pacific Fiber Cement business segment results or the consolidated financial statements since these adjustments are not material to our Asia Pacific Fiber Cement segment or to the consolidated financial statements taken as a whole. The following table presents adjusted Philippines Fiber Cement net sales for discussion purposes only:

	Fiscal Year Ended March 31, 2004
	(In millions)
Previously Reported	$ 24.2
Adjustment	(3.4)
Adjusted Net Sales	$ 20.8

Discontinued Operations

In total, we recorded a loss of $1.0 million from discontinued operations in fiscal year 2005 and income of $4.3 million and $87.0 million in fiscal years 2004 and 2003, respectively. The amount in fiscal year 2005 relates primarily to additional costs associated with the sale of New Zealand land in March 2004 and the settlement of a dispute associated with a former business. The amount for fiscal year 2004 primarily includes a favorable outcome from matters related to our former Gypsum business and a gain on the sale of our New Zealand Building Systems business, net of other wind-up costs of Gypsum and other discontinued businesses. See Note 15 to our consolidated financial statements included in Item 18 for additional information about the results of our discontinued operations.

Building Systems

On May 30, 2003, we sold our New Zealand Building Systems business to a third party. We recorded a gain of $1.9 million representing the excess of net proceeds from the sale of $6.7 million over the net book value of assets sold of $4.8 million. The proceeds from the sale comprised cash of $5.0 million and a note receivable in the amount of $1.7 million. As of March 2005, the $1.7 million note receivable had been collected in full.

Gypsum

In fiscal year 2002, we successfully completed the transformation of our company into a purely fiber cement business when we signed a definitive agreement to sell our Gypsum business. We completed the sale on April 25, 2002 and recorded a pre-tax gain of $81.4 million in fiscal year 2003, with income tax expense of $26.1 million. See Item 4, "Information on the Company — Capital Expenditures and Divestitures — Divestitures."

On June 28, 2001, we entered into an agreement to sell our gypsum mine property in Las Vegas, Nevada to a developer. We completed the transaction on March 21, 2003 and realized a $49.2 million pre-tax gain on the sale with $19.2 million of income tax expense.

Building Services

During the year ended March 31, 2003, we recorded a loss of $1.3 million related to our Building Services business, which was disposed of in November 1996. The loss consisted of expenses of $0.8 million and a $0.5 million write down of an outstanding receivable that was retained as part of the sale.

ABN 60

On March 31, 2003, we transferred control of ABN 60 to a newly established company named ABN 60 Foundation. The ABN 60 Foundation was established to be the sole shareholder of ABN 60 and to ensure that ABN 60 meets its payment obligations to the Foundation. Following the establishment of the ABN 60 Foundation, JHI NV no longer owns any shares of ABN 60. The ABN 60 Foundation is managed by independent directors and operates entirely independently of us. We do not control the activities of ABN 60 or the ABN 60 Foundation in any way. Other than described in Item 4, "Information on the Company — Legal Proceedings," we have no economic interest in ABN 60 or the ABN 60 Foundation and have no right to dividends or capital distributions from those entities. Apart from the express indemnity for non-asbestos matters provided to ABN 60 and a possible arrangement to fund some or all future claimants for asbestos-related injuries caused by former James Hardie Group subsidiary companies and to the potential liabilities more fully described under the heading "Information on the Company — Legal Proceedings" in Item 4, we do not believe we will have any liability under current Australian law should future liabilities of ABN 60 or ABN 60 Foundation exceed the funds available to those entities. As a result of the change in ownership of ABN 60, on March 31, 2003, we recorded a loss on disposal of $0.4 million, representing the liabilities of ABN 60 (to the Foundation) of A$94.6 million ($57.2 million), the A$94.5 million ($57.1 million) in cash held on the balance sheet, and costs associated with the establishment and funding of the ABN 60

Foundation. See also Item 4, "Information on the Company — Legal Proceedings" and Notes 13 and 15 to our consolidated financial statements included in Item 18.

JHI NV has agreed to indemnify ABN 60 Foundation for any non asbestos-related legal claims made against ABN 60. There is no maximum amount of the indemnity and the term of the indemnity is in perpetuity. The Company believes that the likelihood of any material non asbestos-related claims occurring against ABN 60 is remote. As such, the Company has not recorded a liability for the indemnity. The Company has not pledged any assets as collateral for such indemnity.

In connection with the separation of Amaca, Amaba and ABN 60 from the James Hardie Group, those entities agreed to indemnify JHI NV and its related corporate entities for past and future asbestos-related liabilities. Amaca, Amaba and ABN 60's obligation to indemnify JHI NV and its related entities includes claims that may arise associated with the manufacturing activities of those companies.

Impact of Recent Accounting Pronouncements

Employers' Disclosures about Pensions and Other Postretirement Benefits

In December 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 132 (revised 2003) ("SFAS No. 132R"), "Employers' Disclosures about Pensions and Other Postretirement Benefits, an amendment of FASB Statement 87, Employers' Accounting for Pensions, No. 88, Employers' Accounting for Settlement and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions." SFAS No. 132R requires additional disclosures about the assets, obligations, cash flows and net periodic benefit/cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132R is effective for foreign plans for the fiscal years ending after June 15, 2004. The adoption of this standard did not have a material impact on our consolidated financial statements.

Consolidation of Variable Interest Entities

In December 2003, the FASB issued FASB Interpretation No. ("FIN") 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"), which addresses how a business should evaluate whether it has a controlling financial interest in an entity through means other than voting rights, and accordingly, should consolidate the entity. FIN 46R replaced FIN 46, which was issued in January 2003. FIN 46 or FIN 46R applies immediately to entities created after January 31, 2003 and no later than the end of the first reporting that ended after December 15, 2003 to entities considered to be special-purpose entities ("SPEs"). FIN 46R is effective for all other entities no later than the end of the first interim or annual reporting period ending after March 15, 2004. The adoption of the provisions of FIN 46 or FIN 46R relative to SPEs and for entities created after January 31, 2003 did not have an impact on our consolidated financial statements. The adoption of the other provisions of FIN 46R did not have a material impact on our consolidated financial statements.

The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments

In March 2004, the Emerging Issues Task Force ("EITF") ratified the provisions of Issue 03-01, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments," which clarifies the definition of other-than-temporary impairment for certain investments accounted for under the cost method. The recognition and measurement guidance in Issue 03-01 should be applied to other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. For all other investments within the scope of this issue, the disclosure requirements are effective for fiscal years ending after June 15, 2004. The adoption of this issue did not have a material impact on our consolidated financial statements.

Inventory Costs

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs — an amendment of Accounting Research Bulletin ("ARB") No. 43, Chapter 4." SFAS No. 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material expenses to be recognized as current period charges. Additionally, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

American Jobs Creations Act

In October 2004, the President of the United States signed into law the American Jobs Creation Act (the "Act"). The Act allows for a U.S. federal income tax deduction for a percentage of income earned from certain U.S. production activities. Based on the effective date of the Act, we will be eligible for this deduction in the first quarter of fiscal year 2006. Additionally, in December 2004, the FASB issued FASB Staff Position ("FSP") 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes ("SFAS No. 109"), to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." FSP 109-1, which is effective upon issuance, states the deduction under this provision of the Act should be accounted for as a special deduction in accordance with SFAS No. 109. We are in the process of quantifying the impact this provision of the Act will have on our consolidated financial statements.

The Act also allows for an 85% dividends received deduction on the repatriation of certain earnings of foreign subsidiaries. In December 2004, the FASB issued FSP 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." FSP 109-2, which was effective upon issuance, allows companies time beyond the financial reporting period of enactment to evaluate the effect of the Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. Additionally, FSP 109-2 provides guidance regarding the required disclosures surrounding a company's reinvestment or repatriation of foreign earnings. We are continuing to evaluate this provision of the Act and as such, have not yet quantified the impact this provision will have on our consolidated financial statements.

Exchanges of Non-monetary Assets

In December 2004, the FASB issued SFAS No. 153, "Exchange of Non-Monetary Assets — An Amendment of ARB Opinion No. 29," which requires non-monetary asset exchanges to be accounted for at fair value. The Company is required to adopt the provisions of SFAS No. 153 for non-monetary exchanges occurring in fiscal periods beginning after June 15, 2005. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R replaces SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Generally, SFAS No. 123R is similar in approach to SFAS No. 123 and requires that compensation cost relating to share-based payments be recognized in the financial statements based on the fair value of the equity or liability instruments issued. SFAS No. 123R is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. In April 2005, the U.S. Securities and Exchange Commission delayed the effective date of SFAS No. 123R until fiscal years beginning after June 15, 2005. We adopted SFAS No. 123 in fiscal year 2003 and do not expect the adoption of SFAS No. 123R to have a material effect on our consolidated financial statements.

Conditional Asset Retirement Obligations

In March 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies the term "conditional asset retirement obligation" used in SFAS No. 143, "Accounting for

Asset Retirement Obligations." FIN 47 is effective no later than the end of the fiscal year ending after December 15, 2005. We are in the process of evaluating whether FIN 47 will result in the recognition of additional asset retirement obligations for us.

Liquidity and Capital Resources

Our treasury policy regarding our liquidity management, foreign exchange risks management, interest rate risk management and cash management is administered by our treasury department and is centralized in The Netherlands. This policy is reviewed annually and is designed to ensure that we have sufficient liquidity to support our business activities and meet future business requirements in the countries in which we operate. Counterparty limits are managed by our treasury department and based upon the counterparty credit rating; total exposure to any one counterparty is limited to specified amounts and signed off annually by the CFO.

We have historically met our working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities and other borrowings, proceeds from the sale of property, plant and equipment and proceeds from the redemption of investments. Seasonal fluctuations in working capital generally have not had a significant impact on our short-term or long-term liquidity. We believe that we can meet our present working capital requirements for at least the next 12 months based on our current capital resources.

We had cash and cash equivalents of $113.5 million as of March 31, 2005. At that date, we also had credit facilities totaling $449.4 million of which $159.3 million was outstanding. At March 31, 2005, our credit facilities were all uncollateralized and consisted of the following:

Description	Interest Rate at March 31, 2005	Total Facility at March 31, 2005	Principal Outstanding at March 31, 2005
		(In millions)	
US$ notes, fixed interest, repayable annually in varying tranches from November 2005 through November 2013	7.12%	$ 147.4	$ 147.4
A$ revolving loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, can be repaid and redrawn until maturity in November 2006	N/A	154.5	—
US$ stand-by loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin until maturity of $117.5 million in April and $15.0 million in October 2005	N/A	132.5	—
US$ line of credit, can be drawn down in Chilean Pesos, variable interest based on Chilean Tasa Activa Bancaria rate plus margin until maturity in April and December 2005(1)	3.52%	15.0	11.9
Total		$ 449.4	$ 159.3

(1) Renewed and extended until March 2006.

Net debt, short and long-term debt less cash and cash equivalents, at March 31, 2005 was $45.8 million, a decrease of $57.7 million, from $103.5 million as at March 31, 2004.

In June 2005, we entered into new unsecured debt facilities totaling $355 million. These new facilities will replace the A$ revolving loan and the US$ stand-by-loan facilities that were in place at March 31, 2005. Subject to the satisfaction of customary closing conditions, these new facilities will provide us with an increased amount of liquidity, compared to what was available under our previous financing arrangements. These facilities are initially for a 364-day term, but we anticipate that two-thirds of them will be extended to a five-year term if negotiation of the Principal Agreement is completed and the Principal Agreement is

subsequently executed and becomes effective. The extension of a facility will only occur if the relevant bank is satisfied with the terms of the Principal Agreement. If the final position reached in the Principal Agreement is materially different from the position in the Heads of Agreement, the extension may not occur and we may have to arrange a further refinancing. In the future, we may not be able to renew credit facilities on substantially similar terms, or at all; we may have to pay additional fees and expenses that we might not have to pay under normal circumstances; and we may have to agree to terms that could increase the cost of our debt structure. If we are unable to renew our debt on terms which are not materially less favorable than the terms currently available to us, we may have to scale back our levels of planned capital expenditure and/or take other measures to conserve cash in order to meet our future cash flow requirements. See Item 10, "Additional Information — Material Contracts."

As a consequence of the completion of the sale of our Gypsum business on April 25, 2002, we were technically not in compliance as of that date with certain pre-approval covenants of our US$ uncollateralized note agreements totaling $225.0 million. Effective December 23, 2002, the note purchase agreement was amended to, among other matters, modify these covenants to remove the technical non-compliance caused by the sale of our Gypsum business. In connection with such amendment, we prepaid $60.0 million in principal amount of the notes. As a result of the early retirement, we incurred a $9.9 million make-whole payment charge, which was charged to interest expense during fiscal year 2003.

At March 31, 2005, we believe that we were in compliance with all restrictive covenants contained in the uncollateralized notes, revolving loan facility and the stand-by credit facility agreements. Under the most restrictive of these covenants, we are required to maintain certain ratios of debt to equity and net worth and levels of earnings before interest and taxes and have limits on how much we can spend on an annual basis in relation to asbestos payments to Amaca, Amaba or ABN 60.

Cash Flow — Year Ended March 31, 2005 compared to Year Ended March 31, 2004

Net operating cash inflows increased by $57.2 million or 35% from $162.6 million to $219.8 million for the year ended March 31, 2005 compared to the year ended March 31, 2004, primarily due to changes in our operating assets and liabilities.

Net cash used in investing activities was $149.2 million for the year ended March 31, 2005 compared to $58.0 million in fiscal year 2004. The increase in the cash used was primarily due to additional capital expenditures of $78.4 million for the year ended March 31, 2005, $10.9 million cash received in fiscal year 2004 from the sale of land and buildings of our Australia and New Zealand business in March 2004, and $5.0 million cash received in the fiscal year 2004 from the sale of our New Zealand Building Systems business in May 2003 that did not recur in fiscal year 2005, partly offset by proceeds of $3.4 million from the sale of land in Sacramento, California in fiscal year 2005.

Net cash used in financing activities was $28.2 million for the year ended March 31, 2005 compared to $87.9 million for the fiscal year ended March 31, 2004. The decrease in cash used was primarily due to a $68.7 million repayment of capital in fiscal year 2004 that did not recur in fiscal year 2005 and a $9.2 million decrease in dividends paid, partly offset by a $17.6 million scheduled debt repayment in fiscal year 2005.

Cash Flow — Year Ended March 31, 2004 compared to Year Ended March 31, 2003

Net operating cash inflows increased by $97.8 million from $64.8 million to $162.6 million for the year ended March 31, 2004 compared to the year ended March 31, 2003, primarily due to changes in our operating assets and liabilities and gain on disposal of subsidiaries and businesses. In fiscal year 2003, we recorded a gain of $84.8 million compared to a gain of $4.1 million related to disposal of subsidiaries and businesses. Other working capital changes caused a net increase in cash of $25.5 million.

Net cash (used in) provided by investing activities was ($58.0) million for the year ended March 31, 2004 compared to $237.9 million for the year ended March 31, 2003. The decrease in cash flows from investing activities from fiscal year 2003 to fiscal year 2004 was primarily due to proceeds from the sale of our Gypsum business and from the Las Vegas land sale in fiscal year 2003, which was partially offset by a

$57.1 million payment related to the transfer of control of ABN 60 in fiscal year 2003 that did not recur in fiscal year 2004. In addition, we spent $15.4 million less on capital expenditures during fiscal year 2004 compared to fiscal year 2003. The $5.0 million from the sale of businesses resulted from the sale of our New Zealand Building Systems business in May 2003. The $10.9 million from property sold resulted primarily from land and buildings of our Australia and New Zealand business that we sold for cash in March 2004. The $74.8 million capital expenditures in fiscal year 2004 resulted primarily from continued operating plant expansions and construction and new property purchases.

Net cash used in financing activities was $87.9 million for the year ended March 31, 2004 compared to $279.4 million for the year ended March 31, 2003. Net cash outflow in fiscal year 2004 resulted primarily from a $68.7 million return of capital and $22.9 million of dividends paid. In fiscal year 2003, the return of capital was higher by $26.1 million. In addition, in fiscal year 2003 we repaid $160.0 million of bank debt, which did not recur in fiscal year 2004. Net proceeds from borrowings decreased from fiscal year 2003 by $5.0 million to $0.5 million in fiscal year 2004. The proceeds of $3.2 million represent stock option exercises during fiscal year 2004.

Capital Requirements and Resources

Our capital requirements consist of expansion, renovation and maintenance of our production facilities and construction of new facilities. Our working capital requirements, consisting primarily of inventory and accounts receivable and payables, fluctuate seasonally and increase prior to and during months of the year when overall construction and renovation activity volumes increase. We have historically funded cash flow shortfalls with cash generated from divestiture of non-fiber cement business operations and other business assets and from available cash under bank debt facilities.

During fiscal year 2005, our continuing businesses generated cash in excess of our capital requirements. As we continue expanding our fiber cement businesses, we expect to use cash primarily generated from our operations to fund capital expenditures and working capital. We expect to spend significantly during fiscal year 2006 on capital expenditures that include facility upgrades and new facility construction. Upgrades generally include expenditures for implementing new fiber cement technologies.

We may enter into an agreement with the NSW Government to provide long-term funding of proven asbestos-related claims for Australian personal injury claimants against former Australian James Hardie Group subsidiary companies. Currently, the timing of any potential payments is uncertain because we have not yet reached an agreement with the NSW Government and the conditions precedent to any agreement that may be reached have not been satisfied.

We are currently unable to estimate the cost of administering and litigating the claims under the potential agreement with the NSW Government because this is highly contingent upon the final outcome of the NSW Government's review of legal and administrative costs. However, if we enter into the Principal Agreement, we may have to make an initial payment in fiscal 2006 equal to estimated asbestos claims to be paid over the next three years less existing cash of the Foundation. We believe that the cash and cash equivalents that we currently have on hand and funds from debt facilities that we anticipate will be available, will be sufficient to fund the initial payment. Additionally, we anticipate that the Principal Agreement will require us to make annual payments to fund asbestos claims.

We are currently negotiating the Principal Agreement with the NSW Government. Costs we incur negotiating this agreement may be significant and will negatively impact our cash generated from operations over the short-term. We anticipate that our cash flows from operations, net of estimated payments that may be made under the Principal Agreement, will be sufficient to fund our planned capital expenditure and working capital requirements in the short-term. If we do not generate sufficient cash from operations to fund our planned capital expenditures and working capital requirements, we believe the cash and cash equivalents of $113.5 million, and the cash that we anticipate will be available to us under credit facilities, will be sufficient to meet any cash shortfalls during the next two to three years.

Beyond three years, we intend to rely primarily on increased market penetration of our products and increased profitability from a more favorable product mix to generate cash to fund our growth. Historically, our products have been well accepted by the market and our product mix has changed towards higher priced, differentiated products that generate higher margins. We are relying on increased market demand for all of our products to achieve sufficient market penetration and a product-mix sufficiently profitable to fund our growth plans. We also intend to maintain sufficient levels of available cash under bank debt facilities to offset any cash shortfall.

We believe that we will be able to continue increasing our market share by further market penetration against competing products. Generally, over the past three years, a large part of our growth resulted from market share increases, especially in our major market of North America. We have historically acquired market share from vinyl and wood-based products and believe that our success is based primarily on our superior and proprietary product and production technologies that give us competitive product advantages. We expect to continue our research and development activities over the short and long-term to maintain, improve and increase our technology advantages. Based on our market penetration history, technology benefits from our research and development activities, and other factors, we expect that our market penetration trend will continue over the short and longer-term.

We believe our business is affected by general economic conditions and interest rates in the United States and in other countries because these factors affect the number of new housing starts, the level of housing prices and household income levels. We believe that housing prices, which may affect available owner equity and household income levels, are contributors to the currently robust renovation and remodel markets for our products. We believe that continued improvements in general economic conditions and continued low mortgage interest rates will maintain new housing starts and the renovation and remodel markets at historically high levels, which we expect will result in our operations generating cash flow sufficient to fund the majority of our planned capital expenditures. It is possible that a decline in residential housing starts in the United States or in other countries in which we manufacture and sell our products would negatively impact our growth and current levels of revenue and profitability and therefore decrease our liquidity and our ability to generate sufficient cash from operations to meet our capital requirements. During calendar year 2004, rising United States interest rates did not have a significant effect on United States home mortgage interest rates and new housing starts increased. However, continued interest rate increases anticipated in calendar year 2005 may slow down new housing starts in the United States and cause a decrease in housing prices, which may reduce demand for our products.

Pulp is a primary ingredient in our fiber cement formulation and affects our working capital requirements. Pulp prices increased during fiscal year 2005 and it is possible that prices will continue to fluctuate. To minimize additional working capital requirements caused by rising pulp prices, we may seek to enter into contracts with suppliers for the purchase of pulp that could fix our pulp prices over the longer-term. However, if pulp prices do not continue to rise, cash generated from our operations may be negatively impacted if pulp pricing is fixed over the longer-term.

Freight costs have increased due to continued higher fuel prices and an increase in the average length of haul of our products from our facilities to our customers' facilities. We expect fuel costs to remain higher, which will increase our working capital requirements as compared to fiscal year 2005.

The collective impact of the foregoing factors, and other factors, may affect our ability to generate sufficient cash flows from operations to meet our short and longer-term capital requirements. We believe that we will be able to fund any cash shortfalls with cash that we anticipate will be available under our credit facilities and that we will be able to maintain sufficient cash available under those facilities. Additionally, we could determine it necessary to scale back or postpone our expansion plans to maintain sufficient capital resources over the short and longer-term.

Capital Expenditures

Our total capital expenditures, including amounts accrued, for continuing operations for fiscal years 2005, 2004 and 2003 were $153.0 million, $74.1 million and $90.2 million, respectively. The capital expenditures

were primarily used to create additional low cost, high volume manufacturing capacity to meet increased demand for our fiber cement products and to create new manufacturing capacity for new fiber cement products.

Significant capital expenditures in fiscal year 2005 included the completion of our new Reno, Nevada plant and the construction of a new trim line at our Peru, Illinois plant. Significant capital expenditures in fiscal year 2004 included the completion of: (i) an upgrade to our Blandon, Pennsylvania plant; (ii) a panel production line at our Waxahachie, Texas plant; (iii) a new pre-finishing line at our Peru, Illinois plant; and (iv) a pilot roofing plant in Fontana, California. In addition, we began construction on a new green-field fiber cement plant in Reno, Nevada and on a new trim line at our Peru, Illinois plant. Significant capital expenditures in fiscal year 2003 included the completion of a second flat sheet production line at our plant in Peru, Illinois. In addition, we commenced construction on a panel production line at our Waxahachie, Texas plant and a pilot roofing products plant in Fontana, California and began an upgrade to our Blandon, Pennsylvania plant. See Item 4, "Information on the Company — Capital Expenditures and Divestitures."

Contractual Obligations

The following table summarizes our significant contractual obligations at March 31, 2005:

	Payments Due				
		During Fiscal Year Ending March 31,			
	Total	2006	2007 to 2008	2009 to 2010	Thereafter
	(In millions)				
Long-Term Debt	$ 147.4	$ 25.7	$ 35.2	$ 46.2	$ 40.3
Interest on Long-Term Debt	44.3	10.5	15.5	9.3	9.0
Operating Leases	133.8	11.7	21.4	19.4	81.3
Purchase Obligations(1)	70.3	50.2	17.8	2.3	—
Line of Credit	11.9	11.9	—	—	—
Total	$ 407.7	$ 110.0	$ 89.9	$ 77.2	$ 130.6

(1) Purchase Obligations are defined as agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions. Purchase obligations listed above primarily represent commitments for capital expenditures, the majority of which relate to the construction of our new Pulaski, Virginia plant. In addition, the total purchase obligations includes agreements related to software maintenance contracts and approximately $20 million that will be incurred beginning fiscal year 2006, related to the implementation and maintenance of a new ERP system. Contracts related to our new ERP system were executed after the end of fiscal year 2005. We did not have any significant agreements with variable price provisions.

The table above does not include amounts related to our future funding obligations for our Australian defined benefit plan. We estimate that our pension plan funding will be approximately $1.8 million for fiscal year 2006. Projected payments beyond fiscal year 2006 are not currently determinable. See also Note 8 to our consolidated financial statements in Item 18.

In addition, the table above does not include any amounts related to funding obligations that might arise from asbestos — related matters discussed under Item 3, "Risk Factors," Item 4, "Information on the Company — Legal Proceedings" and Note 13 to our consolidated financial statements in Item 18. We have not established a provision for any of these liabilities because at this time such liabilities are not probable and estimable. Depending on future developments, the impact of future cash funding obligations could be significant and our financial position, results of operations and cash flows could be materially adversely affected and our ability to pay dividends could be impaired.

See Notes 10 and 13 to our consolidated financial statements in Item 18 in this Form 20-F for further information regarding long-term debt and operating leases, respectively.

Off-Balance Sheet Arrangements

As of March 31, 2005 and 2004, we did not have any material off-balance sheet arrangements.

Inflation

We do not believe that inflation has had a significant impact on our results of operations for the fiscal years ended March 31, 2005, 2004 or 2003.

Seasonality and Quarterly Variability

Our earnings are seasonal and typically follow activity levels in the building and construction industry. In the United States, the calendar quarters ending December and March reflect reduced levels of building activity depending on weather conditions. In Australia and New Zealand, the calendar quarter ending March is usually affected by a slowdown due to summer holidays. In the Philippines, construction activity diminishes during the wet season from June to September and during the last half of December due to the slowdown in business activity over the holiday period. In Chile, we experience decreased construction activity from May through September due to weather. Also, general industry patterns can be affected by weather, economic conditions, industrial disputes and other factors.

Research and Development

For fiscal years 2005, 2004 and 2003, our expenses for research and development were $21.6 million, $22.6 million and $18.1 million, respectively.

We have invested heavily in research and development, with a focus primarily on fiber cement. We view research and development as key to sustaining our existing market leadership position and expect to continue to allocate significant funding to this endeavor. Through our investment in process technology, we aim to keep reducing our capital and operating costs, and find new ways to make existing and new products.

Over the past ten years, advances in process technology have allowed us to reduce the incremental cost of additional capacity at existing sites. At the same time, we have reduced our raw materials costs through yield improvements in the plants; by providing technological support to drive process improvements in our suppliers' operations; and from our increased business scale.

We believe that we also benefit from superior economies of scale because we operate plants that have two to three times larger capacity than our competitors.

In addition, our goals are to:

- continue to lower the capital cost of each unit of production at new plants by learning from past projects and through continuing innovation in engineering; and
- reduce operating costs at each plant by improving manufacturing processes, raw materials yields and machine productivity.

Outlook

The short-term outlook for housing construction in North America remains positive, despite the prospect of modest interest rate rises later calendar year 2005.

Building permit numbers remain strong and the U.S.-based National Association of Home Builders ("NAHB") reports that there is a backlog of houses that have been permitted but not yet started. These factors suggest the upside potential for housing starts to be good for the immediate future. In addition, the NAHB reported that builders remain positive about industry prospects in the months ahead, and it also refined its expected decline in housing starts for the 2005 calendar year from 3%-5% to 1.4%.

In North America, strong sales growth is expected, but the rate of growth for the year ahead is forecast to be less than the very high level of fiscal year 2005. In fiscal year 2006, we expect to continue to grow primary

demand for fiber cement and to penetrate our targeted markets. Margins are expected to remain attractive over the short-term despite the impact of higher raw material and freight costs.

In our Australia and New Zealand business, no improvement to the current soft levels of new housing and renovations activity is expected over the short-term. The progressive lifting of product bans and boycotts in Australia is expected to continue throughout the year. In New Zealand, housing construction activity is expected to continue at previously solid levels. Further manufacturing efficiency gains and other cost savings are also expected.

In the Philippines, building and construction activity is forecast to be softer but another solid quarterly operating income performance is expected.

In our emerging Europe Fibre Cement and USA Hardie Pipe businesses, further sales growth and market share are expected as awareness of our products increases among builders, contractors and distributors.

We have continued to incur costs associated with the SCI and other related matters including: preparation and negotiation of a Principal Agreement with the NSW Government to provide long-term funding of proven asbestos-related claims for Australian personal injury claimants against certain former James Hardie Group Australian subsidiaries; finalization of the NSW Government's review of legal and administrative costs; and in cooperating with the ASIC investigation into the circumstances surrounding the establishment of the Foundation. SCI and other related expenses are again likely to be material over the short-term.

Item 6. *Directors, Senior Management and Employees*

Board Practices and Senior Management

Board Structure

We have a multi-tiered board structure, which is consistent with Dutch corporate law. This structure consists of a Managing Board, a Supervisory Board and a Joint Board.

In the Netherlands, a two-tier board structure with a Managing Board and a Supervisory Board is common. In Australia, the vast majority of companies listed on the ASX have a one-tier board comprising both executive directors and non-executive directors. Therefore, in addition to our Managing Board and Supervisory Board, our board structure includes a Joint Board (the "Joint Board" or the "Board"), comprising all non-executive directors and our CEO. The Joint Board is the equivalent of a full board of directors of a U.S. or an Australian company.

Although the responsibilities of our Managing Board, Supervisory Board and Joint Board are currently not formalized in charters, we have developed charters, which will become effective on the date of amendment of our Articles of Association and will be put on the Investor Relations area of our website at www.jameshardie.com. The proposed amendments to our current Articles of Association will require shareholder approval at our 2005 Annual General Meeting.

Managing Board

Members

The Managing Board includes only executive directors and consists of at least two members, or more as determined by the Supervisory Board. The members of the Managing Board are appointed by our shareholders at a General Meeting. The Joint Board and any of our shareholders have the right to make nominations for the Managing Board.

The Supervisory Board appoints one member of the Managing Board as Chairman and one member as the Chief Executive Officer. The title of Chairman and Chief Executive Officer may be granted to the same person. The Managing Board is currently chaired by our Chief Executive Officer, Mr. Gries.

If one, more or all members of the Managing Board are prevented from acting, or are failing to act, the Joint Board is authorized to designate a person temporarily in charge of management.

Members of the Managing Board may be suspended and dismissed by shareholders at the General Meeting. Furthermore, members of the Managing Board may be suspended by the Supervisory Board.

No member of the Managing Board (other than our CEO) shall hold office for a continuous period in excess of three years or past the end of the third General Meeting following his or her appointment, whichever is longer, without submitting for re-election.

Responsibilities

The Managing Board manages our company. It is responsible for:

- the general affairs, operations and finance; and
- achieving our goals, strategy and policies, and results.

The Managing Board is also responsible for complying with all relevant legislation and regulations and for managing the risks associated with our activities.

It reports related developments to, and discusses the internal risk management and control systems with, the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and to shareholders.

The Managing Board provides the Supervisory Board, in a timely manner, with all the information it needs to exercise the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account our interests, our enterprise (including the interests of our employees) shareholders, other stakeholders and all parties involved in or with us.

Supervisory Board

Members

The Supervisory Board includes only non-executive directors and consists of at least two members, or more as determined by the Joint Board. The members of the Supervisory Board are appointed by shareholders at the General Meeting. The Joint Board and any of our shareholders have the right to make nominations for the Supervisory Board.

If there is a vacancy on the Supervisory Board at any time after the end of an annual General Meeting and prior to the subsequent annual General Meeting, the Joint Board may appoint member(s) of the Supervisory Board to fill any vacancy, provided:

- that these member(s) retire(s) no later than at the end of the first Annual General Meeting following their appointment; and
- the number of the members of the Supervisory Board appointed by the Joint Board at any given time does not exceed one-third of the aggregate number of members of the Supervisory Board as fixed by the Joint Board.

The Supervisory Board appoints one of its members as Chairman. In our case, this person also chairs the Joint Board. The Supervisory Board is currently chaired by Ms. Hellicar.

No member of the Supervisory Board shall hold office for a continuous period in excess of three years or past the end of the third General Meeting of Shareholders following such member's appointment, whichever is longer, without submitting for re-election.

Responsibilities

The Supervisory Board is responsible for:

- supervising the policy and actions pursued by the Managing Board; and
- the general course of our affairs and the business enterprise we operate.

The Supervisory Board assists the Managing Board with advice relating to the general policy aspects connected with its activities. In discharging its duties, the Supervisory Board takes into account our interests, our enterprise (including the interests of our employees), shareholders, other stakeholders and all parties involved in or with us.

Members of the Supervisory Board may be suspended and dismissed by the shareholders.

Joint Board

Members

The Joint Board consists of between three and twelve members as determined by the board's Chairman or a greater number as determined by our shareholders at a General Meeting.

The Joint Board consists of all members of the Supervisory Board, the Chief Executive Officer and, if the Chairman of the Supervisory Board decides, one or more other members of the Managing Board, to be designated by the Chairman of the Supervisory Board, provided that the number of members of the Managing Board on the Joint Board is never greater than the number of members of the Supervisory Board.

The Joint Board currently includes all of the members of the Supervisory Board as well as the Chairman of the Managing Board, i.e. the CEO.

The Joint Board appoints one of its members as the Chairman. The Chairman must be an independent, non-executive director. In our case, this person also chairs the Supervisory Board. The Joint Board is currently chaired by Ms. Hellicar.

Responsibilities

The Joint Board is responsible for overseeing the general course of our affairs, approving the strategy set by the Managing Board, and monitoring our performance. To this end, we adopt a three-year business plan and a 12-month operating plan. Our financial results and performance are closely monitored against these plans.

Our Joint Board also seeks to ensure that we have in place effective external disclosure policies and procedures so that our shareholders and the financial markets are fully-informed on all material matters that might influence the share price.

The core responsibility of members of the Joint Board is to exercise their business judgment in our and our shareholders best interests. Members of the Joint Board must fulfill their fiduciary duties to shareholders in compliance with all applicable laws and regulations. Directors also take into consideration the interests of other stakeholders in the Company, including employees, customers, creditors and others with a legitimate interest in the Company's affairs.

In discharging their duties, directors are provided with direct access to our senior executives and outside advisors and auditors. Joint Board Committees and individual directors may seek independent professional advice at the Company's expense for the purposes of the proper performance of their duties.

Processes

The Joint Board generally holds at least four meetings per year and whenever the Chairman of the Joint Board or two or more of its members have requested a meeting. Joint Board meetings are generally held at the Company's offices in the Netherlands, but may in exceptional circumstances be held elsewhere. In addition,

meetings may also be held by telephone or video-conference provided that all participants can hear each other simultaneously. The vast majority of the Joint Board meetings shall physically be held in the Netherlands.

Each Joint Board meeting includes an executive session without any members of our management present.

The Joint Board has an annual program of visiting our facilities and spending time with line management, customers and suppliers to assist directors to better understand our businesses and the markets in which we operate.

Directors

Qualifications

Our directors possess qualifications, experience and expertise which will assist the board in fulfilling its responsibilities, and assist the Company to achieve future growth.

Directors are required to be able to devote a sufficient amount of time to prepare for, and effectively participate in, board and committee meetings. The responsibilities of directors and our expectations of them are set out in a letter at the time the director is appointed.

Independence

All directors are expected to bring their independent views and judgment to the Joint Board and must declare any potential or actual conflicts of interest.

In determining the independence of directors in accordance with applicable listing standards, and whether a director has a material relationship with us or another party that might impair his or her independence, the Joint Board considers all relevant facts and circumstances.

The Joint Board may determine that a director is independent even if there is a material relationship. This may occur if that relationship is not considered by the Joint Board to influence, or be perceived to influence, the director's decisions in relation to us.

The Joint Board has not set materiality thresholds and considers all relationships on a case-by-case basis, having regard to the accounting standards approach to materiality.

The Joint Board has a policy that a majority of its members and the Chairman must be independent unless a greater number is required to be independent under the rules and regulations of ASX, the NYSE or any other applicable regulatory body. For the purposes of complying with any applicable independence requirements for directors who serve on the Nominating and Governance Committee, the Remuneration Committee and the Audit Committee, a director's independence is determined by the board in accordance with the rules and regulations of the applicable exchange or regulatory body.

In addition, the office of Chairman of the Joint Board and Chief Executive Officer cannot be held by the same person simultaneously, other than in special circumstances and/or for a short period of time.

The Board does not believe that arbitrary limits on the tenure of directors are appropriate or in the best interests of us and our shareholders. Limits on tenure may cause the loss of experience and expertise that are important contributors to our long-term growth and prosperity. Conversely, the Board does not believe that directors should expect to be automatically nominated for re-election at the end of their three-year term, but that their nomination for re-election should be based on their individual performance and our needs.

The Joint Board has considered the issue of the independence of our directors and determined that each of the members of the Joint Board is independent, other than Mr. Gries. Mr. Gries is our Chief Executive Officer and as such is not independent.

Under the NYSE listing standards applicable to U.S. companies, Mr. James Loudon would not be considered to be independent because his son is an employee of our independent registered public accounting firm. However, his son does not work, and has never worked, on our audit or otherwise performed services for

us. Accordingly, despite the fact that Mr. Loudon is not independent under the NYSE rules, the board of directors has resolved to have him continue to serve on the Audit Committee and the Remuneration Committee.

Two additional ways in which our corporate governance practices significantly differ from those followed by U.S. domestic companies under NYSE listing standards should be noted. First, in the United States, it is the audit committee of a board of directors that is required to be solely responsible for, among other matters, appointing a company's independent auditor. However, in accordance with Dutch law, our shareholders are required to appoint our independent auditor. In addition, the NYSE rules require each issuer to have an audit committee, a compensation committee (the equivalent to a remuneration committee), and a nominating committee composed entirely of independent directors. In our case, the charters of the committees of our board of directors only require that we have a majority of independent directors on such committees, unless a higher number is mandatory.

Directors' shareholdings disclosed under "Share Ownership" below are not considered to detract from their independence.

All of the independent directors have:

- undertaken to advise the Joint Board of any change in their circumstances that could affect their independence; and
- completed a comprehensive questionnaire that confirms their independence.

Director Orientation

We have an orientation procedure for new directors. Our Chief Executive Officer, Chief Financial Officer, General Counsel and Executive Vice Presidents are responsible for providing information for the orientation for new directors and for periodically providing materials or briefing papers to the Joint Board on matters as requested or appropriate for the fulfillment of the directors' duties.

Typically, a new director will undergo an extensive orientation that includes:

- visits to our facilities, meetings with management and customers;
- reviews of financial position, strategy, operating performance and risk management;
- a review of his or her rights, duties and responsibilities; and
- a discussion of the role of Joint Board Committees.

We also have induction and orientation programs for executives and employees that are tailored according to seniority and position.

We encourage our directors to participate in continuing education programs to assist them in performing their responsibilities.

Remuneration

Under our Articles of Association, the salary, the bonus (if any) and the other terms and conditions of employment of the members of the Managing Board are determined by the Joint Board. Under an amendment to the Dutch Civil Code which came into force on October 1, 2004, the salary and bonus of members of the Managing Board must be determined within the scope and the limits of a Remuneration Policy.

A Remuneration Policy for the members of the Managing Board has been developed by the Supervisory and Joint Boards and will be submitted to our shareholders for adoption at the next General Meeting. Furthermore, arrangements for the remuneration of the members of the Managing Board in the form of shares or CUFS, or rights to acquire shares or CUFS, in our share capital will be subject to the approval of shareholders at the 2005 General Meeting.

Under our Articles of Association, the Joint Board determines the remuneration of the members of the Supervisory Board, provided that the total amount does not exceed a maximum sum approved by shareholders

at the General Meeting. Under the amendment to the Dutch Civil Code, the total remuneration of the members of the Supervisory Board will always be determined by shareholders.

Indemnification

Our Articles of Association generally provide that we will indemnify any person who is or was a member of our Managing, Supervisory or Joint Boards or one of our employees, officers or agents, who suffers any loss as a result of any action in connection with their service to us, provided they acted in good faith in carrying out their duties and in a manner they reasonably believed to be in our interest. This indemnification generally will not be available if the person seeking indemnification acted with gross negligence or willful misconduct in the performance of such person's duties to us. A court in which an action is brought may, however, determine that indemnification is appropriate nonetheless.

Management Succession

The Joint Board, together with the Nominating and Governance Committee, has developed, and periodically revises, management succession plans, policies and procedures for our Chief Executive Officer and other senior officers, whether such succession occurs as a result of a promotion, termination, resignation, retirement or an emergency.

Board Committees

Our Joint Board has three committees: the Audit Committee, the Nominating and Governance Committee and the Remuneration Committee. In addition, a fourth committee, known as the Special Committee, operated between July 19, 2004 and March 31, 2005.

Following the Corporate Governance review and changes proposed to the Articles of Association, the board committee structure is being revised and it is anticipated that the Supervisory Board instead of the Joint Board will have three committees: the Audit Committee, the Nominating and Governance Committee and the Remuneration Committee.

Audit Committee

Following our recent corporate governance review, changes were made to update and expand our Audit Committee Charter. The key aspects of the charter, as amended, are set out below.

Members and Independence

The Audit Committee contains at least three members of the Board, appointed by the Board. The majority of the members of the Audit Committee must be independent. If the rules and regulations of the ASX, the NYSE or any other applicable regulatory body mandatorily require more members of the Audit Committee to be independent, then the number of members of the Audit Committee required by the rules to be independent must be independent. For purposes of complying with any applicable independence requirements, a director's independence is determined by the Board in accordance with the rules and regulations of the applicable exchange or regulatory body.

All members must be financially literate and must have sufficient business, industry and financial expertise to act effectively as members of the Audit Committee, as determined by the Board. At least one member must have accounting or related financial management expertise, as determined by the Board. In addition, at least one member of the Audit Committee shall be an "audit committee financial expert" as determined by the Board in accordance with U.S. Securities and Exchange Commission rules.

The Board appoints one member of the Audit Committee as its Chairman. The Chairman must be independent and is primarily responsible for the proper functioning of the Audit Committee. The Chairman acts as spokesman of the Audit Committee and is the main contact for the Board. The Chairman of the Audit Committee must not be the current Chairman of the Board or a former member of the Managing Board.

Currently, the members of the Audit Committee are Mr. Michael Brown (Chairman), Mr. Michael Gillfillan, Mr. Loudon, Mr. Gregory Clark and Ms. Hellicar.

Under the NYSE listing standards applicable to U.S. companies, Mr. Loudon would not be considered to be independent because his son is an employee of our independent registered public accounting firm. However, his son does not work, and has never worked, on our audit or otherwise performed services for us. Accordingly, despite the fact that Mr. Loudon is not independent under the NYSE rules, the Board has resolved to have him continue to serve on the Audit Committee.

Purpose, Duties and Responsibilities

The Audit Committee provides advice and assistance to the Supervisory Board in fulfilling the Board's responsibilities relating to: the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the external auditor's qualifications and independence; the Company's internal controls; oversight of risk assessment and management; the performance of the Company's internal audit function and the external auditor; and such other matters as the Board may request from time to time.

Standards and Quality: The Audit Committee oversees the adequacy and effectiveness of the Company's accounting and financial policies and controls, including periodic discussions with management, internal auditors and the external auditor, and seeks assurance of compliance with relevant regulatory and statutory requirements.

Financial Reports: The Audit Committee oversees the Company's financial reporting process and reports on the results of its activities to the Board. Specifically, the Audit Committee reviews with management and the external auditor the Company's annual and quarterly financial statements and reports to shareholders, seeking assurance that the external auditor is satisfied with the disclosures and content of the financial statements, and recommends their adoption to the Board. The Chairman of the Audit Committee may represent the entire Audit Committee for the purposes of quarterly reviews. In overseeing the financial reporting process, the Audit Committee:

- Oversees the submission of financial information by the Company (including information relating to the Company's choice of accounting policies, the application and assessment of the effects of new relevant legislation, and information on the treatment of estimated entries in the annual accounts).
- Meets to review and discuss with management and the external auditor the annual audited and quarterly financial statements of the Company, including: (i) an analysis of the external auditor's judgment as to the quality of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (ii) the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical; and (iii) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations.
- Assesses whether the external reporting is consistent with the members of the Audit Committee's information and knowledge and is adequate for shareholder needs.
- Reviews and discusses corporate policies with respect to earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and ratings agencies.

Risk Assessment and Management: The Audit Committee reviews, monitors and discusses the Company's policies and procedures with respect to:

- the identification of strategic, operational and financial risks;
- the establishment of effective systems to monitor, assess, prioritize, mitigate and manage risk; and
- reporting systems for monitoring compliance with risk policies.

External Audit: The Audit Committee has general oversight of the appointment and provision of all external audit services to the Company. Specifically, the Audit Committee:

- Is responsible, in its capacity as a committee of the Board, for the selection, retention, compensation, and general oversight of the work of the external auditor. Accordingly, it recommends the appointment and, as appropriate, the termination of the external auditor to the General Meeting of shareholders. The external auditor reports directly to the Audit Committee. At least every four years, the Audit Committee shall, together with the Managing Board, thoroughly assess the functioning of the external auditor in the various entities and capacities in which the external auditor operates. The main conclusions of the assessment are notified to the General Meeting, accompanied by, if appropriate, a proposal for the replacement of the external auditor and appointment of a new external auditor.
- Reviews all audit reports provided to the Company by the external auditor.
- Obtains and reviews, at least annually, a report by the external auditor describing: (i) the external auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years relating to one or more independent audits carried out by the external auditors, as well as any steps taken by the external auditor to deal with any such issues; and (iii) all relationships between the external auditor and the Company.
- Approves in advance all audit services to be provided by the external auditor.
- Establishes policies and procedures for the engagement of the external auditor to provide permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the external auditor, and determines the involvement of the external auditor in respect of the contents and publication of financial reporting by the Company other than the annual accounts.
- Considers, at least annually, the independence of the external auditor, including whether the external auditor's performance of permissible non-audit services is compatible with the auditor's independence, and obtains and reviews a report by the external auditor describing any relationships between the external auditor and the Company or any other relationships that may adversely affect the independence of the external auditor. At least once a year, the Audit Committee shall, together with the Managing Board, report to the Board on the developments concerning the relationship with the external auditor, in particular its independence. The report shall address issues including the adequacy of the rotation of the partners within the external auditor firm, and the appropriateness of any non-audit services provided by the external auditor. Ongoing retention of the external auditor will take into account the outcome of this report.
- Oversees the compliance with recommendations and observations of the external auditor.
- Reviews and discusses with the external auditor: (i) the scope of the audit, the results of the audit, any irregularities in respect of the content of the financial reporting, and any difficulties the external auditor encountered in the course of its audit work, including management's response, any restrictions on the scope of the external auditor's activities or on access to requested information, and any significant disagreements with management; and (ii) any reports of the external auditor with respect to interim periods.
- Establishes policies for the hiring of employees and former employees of the external auditor.

Internal Audit: The Audit Committee oversees the Company's internal audit function, and approves the appointment and termination of all providers of internal audit services, both internal and external (including the Company's internal audit director from time to time). The Audit Committee approves, and can direct, the plan of action for internal audit services, takes note of internal audit findings and recommendations, supervises compliance with the plan and recommendations, and assesses the performance of the internal audit function. Specifically, the Audit Committee:

- Discusses with the internal auditors the overall scope and plans for its audit activities.

- Reviews and approves the annual internal audit plan and the related budget and work program.
- Reviews all internal audit reports.
- Oversees the implementation of corrective actions by management personnel.

In addition, the Audit Committee meets separately and periodically with all providers of internal audit services, at either the committee's or the internal auditor's request, and reviews and discusses the scope and results of the internal audit program. At least annually, the Audit Committee assesses the performance and objectivity of the internal audit function, including review of the internal audit program and co-ordination between internal and external auditors, and the need for any changes.

Internal Controls: The Audit Committee reviews and discusses the adequacy and effectiveness of the Company's internal compliance and control systems as well as and the effectiveness of their implementation, including any significant deficiencies in internal controls and significant changes in such controls.

Disclosure Controls and Procedures: The Audit Committee reviews and discusses the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.

Complaints: The Audit Committee establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding questionable accounting and auditing matters.

Meetings

The Audit Committee meets as often as it deems necessary or appropriate, either in person or telephonically, and at such times and places, and with such invitees, as the Audit Committee determines. A quorum for a meeting of the Audit Committee is a majority of its members. Resolutions of the Audit Committee are adopted by a majority of votes cast. The Audit Committee keeps minutes of meetings and records of resolutions passed, and these are included in the papers for the next Board meeting after each meeting of the Audit Committee. The Audit Committee reports regularly to the Board about its meetings and activities.

Communications

The Audit Committee maintains free and open communications with the external auditor, the internal auditors and management. The committee periodically meets with the external auditor without representatives of management to discuss the adequacy of the Company's disclosures and policies and to satisfy itself regarding the external auditor's independence from management. The external auditor may communicate with the Audit Committee or its Chairman at any time.

Access and Advisors

In exercising its oversight role, the Audit Committee may investigate any matter brought to its attention, and for this purpose has full access to the Company's records, personnel and any required external support. The Audit Committee has the authority to retain, at the Company's expense, the external auditor and such other outside counsel, accountants, experts and advisors as it determines appropriate to assist the Audit Committee in the performance of its functions. The Company will also provide funding for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Standards

The Audit Committee reviews, and may take any necessary action to uphold, the overall quality of the Company's financial reporting and practices.

Charter

The Audit Committee reviews and assesses the adequacy of its charter at least annually, and recommends any changes it considers appropriate to the Board.

Annual Review

The Audit Committee conducts an annual performance review of the Audit Committee and reports its findings to the Board.

Conflicts of Interest

The Audit Committee oversees the Company's compliance programs with respect to legal and regulatory requirements and the Company's code of ethics policies, including reviewing related party transactions and other conflict of interest issues as they arise.

Reporting

In addition to providing the Board with a report and minutes of each of its meetings, the Audit Committee will inform the Board of any general issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the performance of the internal audit function.

Special Reviews

The Audit Committee may undertake other special duties as requested by the Board.

Annual Information Meeting

Our external auditor attends the Annual Information Meeting.

Our Audit Committee Charter, as amended, is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Nominating and Governance Committee

Our Nominating and Governance Committee was formed in 2002. Following our recent corporate governance review, changes were made to update and expand our Nominating and Governance Committee Charter. The key aspects of the charter, as amended, are set out below.

Members and Independence

The Nominating and Governance Committee consists of at least three members of the Supervisory Board, who are appointed by the Board.

The majority of the members of the committee must be independent unless a greater number is required to be independent under the rules and regulations of the ASX, the NYSE or any other applicable regulatory body. For the purposes of complying with any applicable independence requirements for directors who serve on the Nominating and Governance Committee, a director's independence is determined by the Board in accordance with the rules and regulations of the applicable exchange or regulatory body.

The Joint Board appoints one member of the committee as its Chairman. The Chairman must be independent, is primarily responsible for the committee's proper functioning, acts as the committee's spokesman and is the main contact for the Board.

Currently, Mr. Donald McGauchie (Chairman), Mr. Peter Cameron, Mr. Clark and Ms. Hellicar serve on the Nominating and Governance Committee.

Purpose, Duties and Responsibilities

The purpose of the committee is to identify individuals qualified to become members of the Managing Board or Board; recommend to the Board candidates for the Managing Board or Board (to be appointed by shareholders); recommend to the Board a set of corporate governance principles; and perform a leadership role in shaping the Company's corporate governance policies. The duties and responsibilities of the committee are to:

- Develop criteria for identifying and evaluating candidates for the Managing Board and the Board. These criteria include a candidate's business experience and skills, independence, judgment, integrity, ability to commit sufficient time and attention to the activities of the Managing Board and Board, as well as the absence of any potential conflicts with the Company's interests. In applying these criteria, the committee considers the needs of the Managing Board and the Board as a whole and seeks to achieve a diversity of occupational and personal backgrounds on the Board.
- Identify and review the qualifications of, and recruit candidates for, the Managing Board and the Board.
- Assess the contributions and independence of incumbent directors in determining whether to recommend them for re-election to the Board.
- Establish a procedure for the consideration of candidates for the Managing Board and the Board recommended by the Company's stockholders.
- Recommend to the Board candidates for election or re-election to the Managing Board and the Board, all to be elected by shareholders at a General Meeting.
- Recommend to the Board candidates to be appointed by the Board as necessary to fill vacancies and newly created directorships and make recommendations for the removal of directors.
- Develop and recommend to the Board a set of corporate governance principles and review and recommend changes to these principles, as necessary.
- Make recommendations to the Board concerning the structure, composition and functioning of the Board and its committees.
- Recommend to the Board candidates for appointment to board committees and consider periodically rotating directors among the committees.
- Review and recommend to the Board retirement and other tenure policies for directors.
- Review directorships in other public companies held by or offered to directors and senior officers of the Company.
- Review and assess the channels through which the Board receives information, and the quality and timeliness of information received.
- Review the Company's succession plans relating to the CEO and other senior officers.
- Periodically evaluate the functioning of the individual members of the Managing Board and the Board and report the results of the evaluation to the Board.
- Periodically evaluate the scope and composition of the Managing Board and the Board, and propose the profile of the Board.

- Supervise the policy of the Managing Board in relation to the selection and appointment criteria for senior management.
- Annually evaluate the performance of the committee and the adequacy of the committee's charter.
- Perform such other duties and responsibilities as are consistent with the purpose of the committee and as the Board or the committee deems appropriate.

Outside Advisors

The committee has the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any search firm used to identify director candidates, and to approve the search firm's fees and other retention terms.

Meetings

The committee meets as often as it deems necessary or appropriate, either in person or telephonically, and at such times and places as the committee determines. A quorum for a meeting of the committee is a majority of its members. Resolutions of the committee are adopted by a majority of votes cast. The committee reports regularly to the full Board with respect to its meetings.

Report

The committee prepares a report of its deliberations and findings and provides the Board with the report at the first meeting of the Board directly following the meeting of the committee and in any event no less frequently than annually.

Our Nominating and Governance Committee Charter, as amended, is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Remuneration Committee

Following our recent corporate governance review, changes were made to update and expand our Remuneration Committee Charter. The key aspects of the charter, as amended, are set out below.

Members and Independence

The Remuneration Committee consists of at least three members of the Supervisory Board who are appointed by the Board.

The majority of the members of the Remuneration Committee must be independent unless a greater number is required to be independent under the rules and regulations of ASX, the NYSE or any other applicable regulatory body. For the purposes of complying with any applicable independence requirements for directors to serve on our Remuneration Committee, a director's independence shall be determined by the Board in accordance with the rules and regulations of the applicable exchange or regulatory body.

Additionally, members of the Remuneration Committee must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

The Board appoints one member of the Remuneration Committee as its Chairman. The Chairman must be independent, is primarily responsible for the committee's proper functioning, acts as the committee's spokesman and is the main contact for the Board. The Chair of the Remuneration Committee may not be the current Chairman of the Board or a former member of the Managing Board.

Currently, the members of the Remuneration Committee are Mr. John Barr (Chairman), Mr. Loudon and Ms. Hellicar.

Under the NYSE listing standards applicable to U.S. companies, Mr. Loudon would not be considered to be independent because his son is an employee of our independent registered public accounting firm. However, his son does not work, and has never worked, on our audit or otherwise performed services for us. Accordingly, despite the fact that Mr. Loudon is not independent under the NYSE rules, the board of directors has resolved to have him continue to serve on the Remuneration Committee.

Purpose, Duties, and Responsibilities

The purpose of the Remuneration Committee is to discharge the responsibilities of the Board relating to remuneration of the Company's senior executives and non-executive directors and to further advise the Board on the Company's remuneration policies and practices. The duties and responsibilities of the Remuneration Committee are to:

- Oversee the Company's overall remuneration structure, policies and programs, assess whether the Company's remuneration structure establishes appropriate incentives for management and employees, and approve any significant changes in the Company's remuneration structure, policies and programs.
- Administer and make recommendations to the Board with respect to the Company's incentive-compensation and equity-based remuneration plans, including the JHI NV 2001 Equity Incentive Plan (the "2001 Equity Incentive Plan").
- Review the remuneration of directors, for service on the Board and the Board committees and recommend changes in remuneration to the Board.
- Prepare a proposal for the Board concerning the remuneration policy for the members of the Managing Board to be put to a General Meeting.
- Review and make recommendations to the Board on the Company's recruitment, retention and termination policies and procedures for senior management.
- Prepare a proposal concerning the individual remuneration of the members of the Managing Board to be put to the Board, including: (i) the remuneration structure; and (ii) the amount of fixed remuneration, shares and/or options and/or other variable remuneration components, pension rights, severance pay and other forms of remuneration to be awarded, as well as the related performance criteria.
- Review and approve corporate goals and objectives relevant to the remuneration of the members of the Managing Board, evaluate the performance of the members of the Managing Board in light of those goals and objectives, and recommend to the Board the remuneration of the members of the Managing Board.
- Prepare the remuneration report on the remuneration policies for the Managing Board to be put to the Board for adoption. The remuneration report comprises a report on the way in which the remuneration policy was implemented in the most recent financial year as well as an outline of the remuneration policy that will be implemented in the following years. At a minimum, the outline must contain the information as referred to in best practice provision II.2.10 of the Dutch Corporate Governance Code. The remuneration report shall be posted on the Company's website.
- Make recommendations regarding the remuneration of the Company's other senior executives.
- Approve stock option and other stock incentive awards for senior executives.
- Review and approve the design of incentive schemes and other benefit plans pertaining to senior executives.
- Review and recommend employment agreements and severance arrangements for senior executives, including change-in-control provisions, plans or agreements.
- Approve, amend or modify the terms of any remuneration or benefit plan that does not require shareholder approval.

- Annually evaluate the performance of the Remuneration Committee and the adequacy of this charter.
- Perform such other duties and responsibilities as are consistent with the purpose of the Remuneration Committee and as the Board or the Remuneration Committee deems appropriate.

Subcommittees

The Remuneration Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Remuneration Committee consisting of not less than two members of the committee.

Outside Advisors

The Remuneration Committee will have the sole authority to retain, at the expense of the Company, such outside counsel, experts, remuneration consultants and other advisors as it determines appropriate to assist it in the full performance of its functions.

Meetings

The Remuneration Committee will meet as often as it deems necessary or appropriate, either in person or telephonically, and at such times and places as the Remuneration Committee determines. A quorum for a meeting of the Remuneration Committee is a majority of its members. Resolutions of the Remuneration Committee are adopted by a majority of votes cast. The Remuneration Committee will report regularly to the Board with respect to its meetings and activities.

Report

The Remuneration Committee prepares a report of its deliberations and findings and provides the Board with the report at its first meeting directly following the meeting of the Remuneration Committee and, in any event, no less frequently than annually.

Our Remuneration Committee Charter, as amended, is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Special Committee

In July 2004, the Board established a committee of the Board to oversee our participation in the SCI's investigation into the Foundation. The Special Committee was wound-up on March 31, 2005.

Ms. Hellicar (Chairman), Mr. McGauchie and Mr. Gillfillan served on the Special Committee. Its responsibilities included:

- reviewing the SCI's report, which was delivered to the NSW Government on September 21, 2004, and recommending to the Joint Board appropriate actions in response to its findings; and
- overseeing any developments with respect to or discussion of arrangements as to the SCI's findings and taking any recommendations to the Joint Board and, ultimately, to our shareholders for approval.

Policies and Programs

We have a number of policies and programs that address key aspects of our corporate governance. Our key policies and programs cover:

- Risk Management
- Business Conduct and Ethics
- Ethics Hotline (Whistleblower)
- Continuous Disclosure and Market Communication
- Insider Trading

Risk Management

The Joint Board, together with the Audit Committee, is responsible for satisfying itself that our risk management systems are effective and, in particular, for ensuring that:

- the principal strategic, operational and financial risks are identified;
- effective systems are in place to monitor and manage risks; and
- reporting systems, internal controls and arrangements for monitoring compliance with laws and regulations are adequate.

In addition to maintaining appropriate insurance and other risk management measures, the Company has taken the following steps to address identified risks. It has:

- established policies and procedures in relation to treasury operations, including the use of financial derivatives;
- issued and revised standards and procedures in relation to environmental and health and safety matters;
- implemented and maintained training programs in relation to legal issues such as trade practices/antitrust, trade secrecy, and Intellectual Property protection; and
- issued procedures requiring that significant capital and recurring expenditure is approved at an appropriate level of management or by the Joint Board.

The internal and external audit functions are involved in risk assessment and the management and measurement of the effectiveness of the Company's risk management systems. The internal and external audit functions are separate from and independent of each other.

The above risks are also addressed in our Code of Business Conduct and Ethics which applies to all employees and directors, and monitored through regular reports to the Joint Board. Where appropriate, members of the management team and independent advisers also make presentations to the Joint Board and to the Audit Committee during the year.

We regularly review the need for additional disclosure of our risk management systems including those related to our internal compliance and control system.

Business Conduct and Ethics

See Item 16B, "Code of Business Conduct and Ethics."

Our Code of Business Conduct and Ethics, as amended, is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Ethics Hotline (Whistleblower)

Our Code of Business Conduct and Ethics also provides employees with instructions about whom they should contact if they have information or questions regarding violations of the policy. The Ethics Hotline will be introduced progressively in our operations in The Netherlands, the United States and Australia before July 31, 2005. See Item 16B, "Code of Business Conduct and Ethics."

Continuous Disclosure and Market Communication Policy

We have a Continuous Disclosure and Market Communication Policy which is designed to ensure that investors can easily understand our strategies and assess the quality of our management and examine our financial position and the strength of our growth prospects.

The policy is also designed to ensure that we satisfy our legal obligations on disclosure to the ASX and under the Australian Corporations Act (2001) as well as our obligations in the United States where we are traded on the NYSE, and in The Netherlands.

We are committed to communicating effectively with our investors. Our investor relations program includes:

- management briefings and presentations to accompany quarterly results, which are accessible on a live webcast and teleconference;
- audio webcasts of other management briefings and view webcasts of the shareholder information meeting;
- a comprehensive Investor Relations website that displays all Company announcements and notices as soon as they have been cleared by the ASX, as well as all major management and roadshow presentations;
- Australian and United States site visits and briefings on strategy for investment analysts;
- a quarterly newsletter available to shareholders and other interested parties;
- an e-mail alert service to advise investors and other interested parties of announcements and other events; and
- equality of access for shareholders, investment analysts and the media to briefings, presentations and meetings.

Our Continuous Disclosure and Market Communication Policy is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Insider Trading

Directors and senior executives are subject to our Insider Trading Policy and rules.

Directors and senior executives, among others, must notify the designated compliance officer, currently our General Counsel, before buying or selling our shares. Our shares may only be bought or sold by employees, including senior executives, and directors, within four weeks beginning two days after the announcement of quarterly or full year results.

The Joint Board recognizes that it is the individual responsibility of each of our directors and employees to ensure that he or she complies with the spirit and the letter of insider trading laws and that notification to the Joint Board in no way implies Joint Board approval of any transaction.

Our Insider Trading Policy is available from the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Current and Former Directors and Executive Officers

Recent Developments

On August 11, 2004, Mr. Alan McGregor resigned as Chairman of the Supervisory Board due to his continuing ill health and Ms. Meredith Hellicar was appointed Chairman of the Supervisory Board. On August 25, 2004, Mr. McGregor resigned from the Joint and Supervisory Boards and from all board committees on which he served. Mr. McGregor passed away on February 19, 2005.

On September 28, 2004, we announced that Mr. Peter Macdonald and Mr. Peter Shafron were standing aside as Chief Executive Officer and Chief Financial Officer, respectively.

On October 20, 2004, Mr. Shafron resigned from his position as Chief Financial Officer. On October 21, 2004, Mr. Russell Chenu was named Executive Vice President, Australia and interim Chief Financial Officer. On February 14, 2005, Mr. Chenu was appointed as our Chief Financial Officer.

On October 21, 2004, Mr. Macdonald resigned from his position on the Managing Board and as Chief Executive Officer. On the same day, Mr. Louis Gries was appointed as an interim member of the Managing Board (in accordance with Article 15.4 of our Articles of Association) and was named interim Chief Executive Officer. On February 14, 2005, he was appointed Chief Executive Officer. Mr. Gries' appointment, as a member of the Managing Board, will require shareholders' approval at the next General Meeting.

Mr. Macdonald's resignation letter did not explain his reasons for resigning. Prior to the date of Mr. Macdonald's resignation, we had, with Mr. Macdonald's knowledge, engaged external legal advisers to conduct a review of our affairs in the light of the findings of the SCI. That review did not result in any finding that Mr. Macdonald had breached the terms of his employment agreement in relation to the activities and transactions under review. Mr. Macdonald's resignation followed the announcement on September 28, 2004 (shortly after the release of the SCI Report) that Mr. Macdonald was standing down from his role as Chief Executive Officer.

After his resignation as our Chief Executive Officer, we engaged Mr. Macdonald in a consulting role for a minimum period of 27 months in order to efficiently transition his duties as Chief Executive Officer to his successor. From October 22, 2004 through January 21, 2005, Mr. Macdonald was paid a monthly consulting fee of $60,000 in return for committing to up to 80% of a full-time role during that period. From January 22, 2005 through March 31, 2005, Mr. Macdonald was paid a monthly fee of $10,000. We paid Mr. Macdonald a total of $201,289 from October 22, 2004 to March 31, 2005. After March 31, 2005, we have paid and expect to continue to pay Mr. Macdonald a monthly fee of $10,000 for the remainder of the agreement.

Mr. Shafron's resignation letter did not explain his reasons for resigning. He had previously stood down from his position as Chief Financial Officer.

We also engaged Mr. Shafron in a consulting role for a period of 24 months in order to efficiently transition his duties as Chief Financial Officer to his successor. From October 22, 2004 through March 31, 2005, we paid Mr. Shafron a monthly fee of $7,020 for a total of $37,417. In addition, during this period we also paid for his monthly car lease payment of $750 for a total of $3,968. After March 31, 2005, we will continue to pay Mr. Shafron a monthly fee of $7,020 and pay for his car lease. Beginning in June 2005, we will be paying Mr. Shafron a monthly fee of $7,770, which includes a $750 car allowance, for the remainder of the agreement.

On October 21, 2004, Mr. Folkert Zwinkels resigned from the Managing Board and Mr. W. (Pim) Vlot, the Company's Secretary at the time, was appointed as an interim member of the Managing Board (in accordance with Article 15.4 of our Articles of Association) on the same day. Mr. Zwinkels resigned from his position as a managing director in order to focus his attention on his role as our Treasurer. On April 30, 2005, Mr. Zwinkels resigned from the Company. On June 30, 2005, Mr. Vlot's employment agreement expired by its terms and on July 1, 2005 Mr. Benjamin Butterfield was appointed as an interim member of the Managing Board and Company Secretary.

The current members of our Supervisory Board, Managing Board and Joint Board and our executive officers, along with certain of our former directors and executive officers, are as follows:

Name	Age	Position	Term Expires
Supervisory Board			
Meredith Hellicar	51	Chairman of the Joint Board and Chairman of the Supervisory Board	2006
John Barr	58	Deputy Chairman of the Joint Board and Deputy Chairman of the Supervisory Board	2007
Michael Brown	59	Member of the Joint Board and the Supervisory Board	2005
Peter Cameron	54	Member of the Joint Board and the Supervisory Board	2006
Gregory Clark	62	Member of the Joint Board and the Supervisory Board	2005
Michael Gillfillan	57	Member of the Joint Board and the Supervisory Board	2006
James Loudon	62	Member of the Joint Board and the Supervisory Board	2005
Donald McGauchie	55	Member of the Joint Board and the Supervisory Board	2006
Managing Board			
Louis Gries	51	Chief Executive Officer, Interim Member of the Joint Board and Interim Chairman of the Managing Board	
Benjamin Butterfield	45	General Counsel, Interim Member of the Managing Board and Company Secretary	
Other Executive Officers			
Russell Chenu	55	Chief Financial Officer	
Donald Merkley	42	Executive Vice President — Research and Development	
David Merkley	42	Executive Vice President — Engineering and Process Development	
James Chilcoff	40	Vice President — International(1)	
Mark Fisher	34	Vice President — Specialty Products(2)	
Nigel Rigby	38	Vice President — Emerging Markets(2)	
Robert Russell	39	Vice President — Established Markets(2)	
Former Directors and Executive Officers			
Alan McGregor	68	Former Chairman of the Joint Board and Former Chairman of the Supervisory Board(3)	
Peter Macdonald	52	Former Chief Executive Officer, Former Member of the Joint Board and Former Chairman of the Managing Board(4)	
Peter Shafron	44	Former Senior Vice President Legal and Chief Financial Officer(5)	
Phillip Morley	57	Former Chief Financial Officer(5)	
Folkert Zwinkels	36	Former Treasurer and Former Member of the Managing Board(6)	
W. (Pim) Vlot	40	Former Interim Member of the Managing Board and Former Company Secretary(7)	

(1) Mr. Chilcoff became a Vice President in August 2004.

(2) Mr. Fisher, Mr. Rigby and Mr. Russell became Vice Presidents in November 2004.

(3) On August 11, 2004, Mr. McGregor resigned as Chairman. On August 25, 2004, he resigned his Board and committee memberships due to continuing ill health. Mr. McGregor passed away on February 19, 2005.

(4) Mr. Macdonald resigned on October 21, 2004.

(5) At the end of May 2004, Mr. Shafron replaced Mr. Morley as Chief Financial Officer. Mr. Shafron resigned on October 20, 2004.

(6) On October 21, 2004, Mr. Zwinkels resigned from the Managing Board and Mr. Vlot, Company Secretary, was appointed as an interim member of the Managing Board on the same day. Mr. Zwinkels resigned as our Treasurer on April 30, 2005.

(7) Mr. Vlot's temporary employment agreement, as amended, provided that unless an indefinite contract was negotiated, the contract would automatically terminate on June 30, 2005. The agreement expired by its terms on June 30, 2005.

Directors

Meredith Hellicar is the Chairman of our Joint Board and the Chairman of our Supervisory Board. From July 19, 2004 until its dissolution on March 31, 2005, Ms. Hellicar was also the Chairman of the Special Committee overseeing matters relating to the SCI. Ms. Hellicar is also a member of our Remuneration Committee, Nominating and Governance Committee and Audit Committee. Ms. Hellicar joined James Hardie Industries Limited (now named ABN 60) as an independent, non-executive director in May 1992. She resigned as director of JHIL in October 2001 and was appointed as a member of our Supervisory Board and Joint Board. She was last elected by our shareholders at our 2003 Annual General Meeting. Ms. Hellicar was appointed Chairman of our Joint and Supervisory Board after Mr. McGregor's resignation in August 2004. She is experienced as a company director and has held chief executive positions in resources, transport and logistics, law and financial services. She is a director of AMP Limited (since March 2003), Southern Cross Airports Group, Amalgamated Holdings Limited (since October 2003), HLA Envirosciences Pty Limited and HCS Limited; and Chairman of The Sydney Institute. Ms. Hellicar is also a member of the Australian Takeovers Panel and the Garvan Institute Foundation. Her previous experience includes directorships with the NSW Environment Protection Authority from 1992 to 1996, AurionGold and the NSW Treasury Corporation from 2003 and 2004. Ms. Hellicar was Chief Executive Officer of the law firm Corrs Chambers Westgarth and Managing Director of TNT Logistics Asia Pte Ltd and InTech Pty Ltd. Ms. Hellicar was awarded a Centenary Medal for her contribution to society in business leadership. Ms. Hellicar received a Bachelor of Arts and Master of Laws, specializing in international business law, from University of Sydney.

John Barr joined James Hardie Industries N.V. as an independent, non-executive director as a member of our Joint Board and Supervisory Board in September 2003 and was appointed Deputy Chairman of the Joint and Supervisory Boards in October 2004. He was last elected by our shareholders at our 2004 Annual General Meeting. Mr. Barr is also Chairman of our Remuneration Committee. Mr. Barr is Chairman of Performance Logistics Group, Inc., the second largest provider of new vehicle transportation services in North America, and in May 2005, he assumed the role of Chief Executive Officer of Papa Murphy's International Inc., a take-and-bake pizza chain, following its June 2004 acquisition by a partnership consisting of himself, Charlesbank Capital Partners, LLC and company management. He has more than 30 years of management experience in the North American industrial sector, including 25 years at The Valvoline Company, a leading marketer, distributor and producer of quality branded automotive and industrial products and services, eight years as President and Chief Executive Officer. Between 1995 and 1999, Mr. Barr served as President and Chief Operating Officer and a member of the board of directors of the Quaker State Corporation, a leading automotive aftermarket products and consumer car care company, now part of Royal Dutch Shell. Since December 2002, Mr. Barr has served as director of United Auto Group, the second largest publicly held automotive retailer in the United States, and, in August 2003, he was appointed to the board of directors of Clean Harbors Inc., the leading provider of hazardous waste and environmental management services throughout North America. In December 2003, he was appointed as director to UST Inc.

Michael Brown is a member of our Joint Board and Supervisory Board and Chairman of our Audit Committee. Mr. Brown joined James Hardie Industries Limited as an independent, non-executive director in September 1992 and was appointed to our Supervisory Board and Joint Board in October 2001. He was last elected by our shareholders at our 2002 Annual General Meeting. Mr. Brown has broad executive experience in finance, accounting and general management in Australia, Asia and the United States. He is Chairman and Director of Repco Corporation Ltd and Energy Developments Ltd. He is a non-executive director of Wattyl Ltd and Innamincka Petroleum Ltd. He was Group Finance Director of Brambles Industries Limited from 1995 to 2000; prior to that, he was Finance Director of Goodman Fielder Ltd, Renison Goldfields Consolidated Ltd, and Esso Australia Ltd.

Peter Cameron joined James Hardie Industries N.V. as an independent, non-executive director as a member of our Joint Board and Supervisory Board in August 2003. He was last elected by our shareholders at our 2003 Annual General Meeting. He is also a member of our Nominating and Governance Committee. Mr. Cameron has been involved in some of Australia's largest corporate takeovers, mergers and corporate reconstructions, and has a wealth of commercial and corporate advisory experience. He is Chairman of Investment Banking in Australia and a Managing Director of Credit Suisse First Boston. In addition, he is a member of the Australian Takeovers Panel and Chairman of the Advisory Board of the University of Sydney Law School. Mr. Cameron was formerly a partner and Head of Mergers and Acquisitions with the Australian law firm, Allens Arthur Robinson. Mr. Cameron has a Bachelor of Arts and Bachelor of Laws from the University of Sydney.

Gregory Clark is a member of our Joint Board and Supervisory Board. He is also a member of our Nominating and Governance Committee and Audit Committee. He was elected as an independent, non-executive director in July 2002. Dr. Clark first joined the Company as a consultant to the Board in December 2001. He has a distinguished background in science and business, specializing in the development and commercialization of new technology. He is the recipient of a number of international awards for science and technology, including the Australian Academy of Science Pawsey Medal as the most outstanding Australian scientist. Dr. Clark is currently Principal of Clark Capital Partners, a technology advisor to a number of financial institutions and a Director of Australia and New Zealand Banking Group Limited. He served as President and Chief Operating Officer of U.S.-based Loral Space and Communications LLC from 1998 to 2000. Prior to that, he was President of News Corporation's News Technology Group and a member of News Corporation's Executive Committee. Dr. Clark received a Ph.D. in Physics from the Australian National University.

Michael Gillfillan is a member of our Joint Board and Supervisory Board and Audit Committee. In addition, Mr. Gillfillan was a member of the Special Committee overseeing matters relating to the SCI from July 19, 2004 until its dissolution on March 31, 2005. Mr. Gillfillan joined James Hardie Industries Limited as an independent, non-executive director in August 1999 and was appointed to our Supervisory Board and Joint Board in September 2001. He was last elected by our shareholders at our 2003 Annual General Meeting. He provides us with considerable knowledge of U.S. capital markets and a depth of experience in commercial and corporate banking. He has held a number of senior executive positions, including Vice Chairman of Wells Fargo Bank. He was elected as a director of UnionBanCal Corporation and its primary subsidiary, Union Bank of California, NA in January 2003 and is a partner at Meriturn Partners, LLC. Mr. Gillfillan received a B.A. in History from the University of California, Berkeley and an MBA from the University of California, Los Angeles.

James Loudon is a member of our Joint Board and Supervisory Board, Audit Committee and Remuneration Committee. Mr. Loudon was elected as an independent, non-executive director in July 2002 after joining James Hardie Industries N.V. as a consultant to the Board in March 2002. He has held management positions in finance and investment banking and senior roles in the transport and construction industries. He is currently Deputy Chairman of Caledonia Investments Plc and has been a director of this company since 1995. He is Governor of the University of Greenwich and of several charitable organizations. He was a non-executive director of Lafarge Malayan Cement Berhad from 1989 to 2004. In addition, he served as Group Finance Director of Blue Circle Industries Plc, one of the world's largest cement producers, from 1987 until 2001 and, prior to that, he was the first Vice-President of Finance for Blue Circle's companies

in the United States. Mr. Loudon received a Bachelor of Arts from Cambridge University and an MBA from the Stanford Graduate School of Business.

Donald McGauchie is a member of our Joint Board and Supervisory Board and the Chairman of our Nominating and Governance Committee. In addition, Mr. McGauchie was a member of the Special Committee overseeing matters relating to the SCI from July 19, 2004 until its dissolution on March 31, 2005. Mr. McGauchie joined James Hardie Industries N.V. as an independent, non-executive director in August 2003. Mr. McGauchie has wide commercial experience within the food processing, commodity trading, finance and telecommunication sectors. He also has extensive public policy experience, having previously held several high-level advisory positions to the Australian Government including the Prime Minister's Supermarket to Asia Council, the Foreign Affairs Council and the Trade Policy Advisory Council. Mr. McGauchie is Chairman of Telstra Corporation Limited and a director of The Reserve Bank of Australia and Nufarm Limited. Mr. McGauchie was a director of National Foods Limited from 2000 to 2005, director of Graincorp Limited from 1999 to 2002, Chairman of Woolstock Australia Limited from 1999 to 2002, Deputy Chairman of Ridley Corporation Limited from 1998 to 2004, President of the National Farmers Federation from 1994 to 1998 and Chairman of Rural Finance Corporation from 2003 to 2004. In 2003, he was awarded the Centenary Medal for service to Australian society through agriculture and business.

Louis Gries is our Chief Executive Officer, an interim member of the Joint Board and our interim Chairman of the Managing Board. His election as a permanent member of the Managing Board will be required at the next General Meeting of shareholders. Mr. Gries joined us as Manager of the Fontana fiber cement plant in California in February 1991 and was appointed President of James Hardie Building Products (USA) in December 1993 and Executive Vice President — Operations in January 2003. In October 2004, Mr. Gries was appointed interim CEO and in February 2005, he was appointed CEO. He previously held management positions with United States Gypsum ("USG") Corporation. He has a Bachelor of Science in Mathematics from the University of Illinois and an MBA from California State University, Long Beach.

Benjamin Butterfield is our General Counsel, Company Secretary, and an interim member of our Managing Board. Mr. Butterfield joined us in January 2005 as our General Counsel. On July 1, 2005, he was appointed as an interim member of the Managing Board and our Company Secretary. From 2003 to 2004, Mr. Butterfield served as General Counsel of Lennar Corporation. Prior to that, from 1996 to 2003 he served as General Counsel of Hughes Supply, Inc. Prior to this, he was a partner at Maguire, Voorhis & Wells, PA (now part of Holland & Knight LLP). Mr. Butterfield was Chairman of the Business Law Section of the Orange County (FL) Bar Association from 1994 to 1995. He has a Bachelor of Arts from Covenant College in Lookout Mountain, Tennessee and a Juris Doctor from Stetson University College of Law in St. Petersberg, Florida.

Executive Officers

Russell Chenu is our Chief Financial Officer. Mr. Chenu joined us in October 2004 as Interim Chief Financial Officer and Executive Vice President, Australia. In February 2005, he was appointed Chief Financial Officer. From February 2001 to July 2004, Mr. Chenu served as Chief Financial Officer of Tab Limited, then a publicly traded entertainment and gambling company. Prior to that, from November 1999 to February 2001, he served as Chief Financial Officer of Delta Gold Limited, then a publicly traded gold mining company. Mr. Chenu previously worked for us for 13 years in a variety of capacities, ultimately as Group Banking Manager from 1982 to 1984. He has a Bachelor of Commerce from the University of Melbourne and an MBA from Macquarie Graduate School of Management in Australia.

Donald Merkley is our Executive Vice President — Research and Development. Mr. Merkley joined us in 1993 as Manager of our Plant City fiber cement plant in Florida and was appointed U.S. Product Development Manager in 1997. In 2002, he was made Executive Vice President — Research and Development and in January 2003, his role was expanded to give him responsibility for our emerging roofing business in the United States. Mr. Merkley is also involved in reviewing business development opportunities. Before joining us, Mr. Merkley held positions with USG Corporation in various engineering-related roles. He has a Bachelor of Science in Engineering from Arizona State University.

David Merkley is our Executive Vice President — Engineering and Process Development. Mr. Merkley joined us in 1994 as Plant Manager of our Fontana fiber cement operation in California. Other roles Mr. Merkley has held with us include: Manager, Research and Development from 1994 to 1996; Plant Manager, Plant City from 1996 to 1998; Process Development Manager from 1998 to 2000; and Operations Manager for James Hardie Building Products USA from 2000 to 2002. In 2002, Mr. Merkley was made Executive Vice President — Manufacturing and Engineering, with global responsibility. In August 2004, Mr. Merkley became Executive Vice President — Engineering and Process Development with responsibility for further development of new flat sheets, pipes and trim technologies, new product engineering and plant design and construction. Prior to joining us, Mr. Merkley held various engineering positions in the civil construction industry. Mr. Merkley has a Bachelor of Science in Construction from Arizona State University.

James Chilcoff is our Vice President — International. Mr. Chilcoff joined us in 1997 as a Senior Product Manager for Siding. Other roles Mr. Chilcoff has held with us include: Siding Product Development Manager — Marketing from 1998 to 1999; Siding Product Manager from 1999 to 2000; Exterior Marketing Manager from 2000 to 2001; Southern Division Sales/ Marketing Manager from 2001 to 2002; Vice President Sales/ Marketing from 2002 to 2003; and General Manager of our Australian and New Zealand business from 2003 to 2004. In August 2004, Mr. Chilcoff became Vice President — International. Before joining us, Mr. Chilcoff held various positions with CertainTeed Corporation, S. C. Johnson Wax, Formica Corporation and Armstrong World Industries. Mr. Chilcoff has a Bachelor of Business Administration from Eastern Michigan University and an MBA from Xavier University in Ohio.

Mark Fisher is our Vice President — Specialty Products. Mr. Fisher joined us in 1993 as a Production Engineer. Other roles Mr. Fisher has held with us include: Finishing Manager, Production Manager and Product Manager at various locations from 1993 to 1999; Sales and Marketing Manager from 2000 to 2002; and General Manager of our Europe Fiber Cement business from 2002 to 2004. In November 2004, Mr. Fisher became Vice President — Specialty Products. Before joining us, Mr. Fisher worked in Engineering for Chevron Corporation. Mr. Fisher has a Bachelor of Science in Mechanical Engineering and an MBA from University of Southern California.

Nigel Rigby is our Vice President — Emerging Markets. Mr. Rigby joined us in 1998 as a Planning Manager for our New Zealand business. Other roles Mr. Rigby held with us include: Sales and Marketing Manager and Product Development Manager for our New Zealand business from 1999 to 2002; Strategic Marketing Manager for our Australian business from 2002 to 2003; Business Development Manager for our U.S. business in 2003; and Vice President Exterior Sales — Emerging Markets from 2003 to 2004. In November 2004, Mr. Rigby became Vice President — Emerging Markets. Before joining us, Mr. Rigby held various management positions at Fletcher Challenge, a New Zealand based company involved in energy, pulp and paper, forestry and building materials.

Robert Russell is our Vice President — Established Markets. Mr. Russell joined us in 1996 as a Production Engineer. Other roles Mr. Russell held with us include: Production Manager from 1997 to 1998; Plant Manager from 1998 to 1999; Interior Products & Retail Sales Manager from 1999 to 2000; Vice President Marketing and Sales (James Hardie Gypsum) from 2000 to 2001; Business Development Manager from 2001 to 2002 and Vice President Exterior Sales and Marketing — Established Markets from 2002 to 2004. In November 2004, Mr. Russell became Vice President — Established Markets. Prior to joining us, Mr. Russell held various engineering positions with USG Corporation. Mr. Russell has a Bachelor of Science Degree in Industrial Engineering from the University of Arizona and his MBA at the University of California Los Angeles.

Donald Merkley and David Merkley are brothers. None of the other persons above have any familial relationship with each other. In addition, none of the individuals listed above is party to any arrangement or understanding with a major shareholder, customer, supplier or other entity, pursuant to which any of the above was selected as a director or member of senior management.

Former Directors and Executive Officers

Former Directors

Alan McGregor, AO was Chairman of our Joint Board and Supervisory Board until August 11, 2004 and resigned as a director on August 25, 2004 due to continuing ill health. He passed away on February 19, 2005. Mr. McGregor was also a member of our Audit Committee, Nominating and Governance Committee (Chairman) and Remuneration Committee (Chairman). Mr. McGregor joined us in 1989 as an independent, non-executive director and became Chairman in 1995, and was appointed to our Joint and Supervisory Board in September 2001. Mr. McGregor had a distinguished career in the law and as a director and chairman of a number of large Australian public companies. He was a former Chairman of Burns Philp & Co. Ltd, the Australian Wool Testing Authority Ltd and FH Faulding & Co. Ltd. Mr. McGregor had been a board or committee member of a number of charitable and community organizations and private companies. Mr. McGregor received an M.A. in Economics and Law from the University of Cambridge in the United Kingdom and a Bachelor of Laws from the University of Adelaide in Australia.

Peter Macdonald was our Chief Executive Officer, Member of the Joint Board and Chairman of the Managing Board. Mr. Macdonald resigned on October 21, 2004 but is expected to remain with us in a consulting capacity for an interim period. Mr. Macdonald joined us in 1993 as General Manager of our Australian fiber cement business and was appointed President of our U.S. operations in 1994. He was appointed Chief Operating Officer in September 1998 and Managing Director and Chief Executive Officer in November 1999. Prior to joining us, Mr. Macdonald held senior roles at CSR Ltd and Metal Manufactures Ltd. Mr. Macdonald received a Bachelor of Commerce and Administration from Victoria University, New Zealand and an MBA from Pepperdine University.

Folkert Zwinkels was our Treasurer and a member of our Managing Board. Mr. Zwinkels resigned from the Managing Board on October 21, 2004. On April 30, 2005, he resigned as our Treasurer. Mr. Zwinkels joined us in October 2001 as Treasury Manager and was appointed Treasurer in January 2003. Before joining us, he was Treasury Manager for Reichhold Chemicals and prior to that he held a number of financial positions at ING Barings and ABN AMRO. In addition, he is a member of the Dutch Association of Corporate Treasurers. Mr. Zwinkels has a Bachelor of Business Administration from Erasmus University in Rotterdam and an MBA from University of Bradford.

W. (Pim) Vlot was our Legal Counsel Europe & Global Intellectual Property Manager, Company Secretary and an interim member of our Managing Board. Mr. Vlot joined us in January 2004 as Legal Counsel Europe & Global Manager Intellectual Property. In February 2004, Mr. Vlot was also appointed Company Secretary and in October 2004, he was appointed as an interim member of the Managing Board. Before joining us, from January 2003 to December 2003, he worked at the Amsterdam office of the Amicorp Group, a privately owned international provider of multinational company management, trust and fiduciary and financial services. From October 2001 to December 2002, he worked at Ernst & Young in The Netherlands as Senior Manager, tax and legal. From 2000 to 2001, Mr. Vlot worked at EQT Scandinavia B.V., the Dutch branch of a Swedish Private Equity firm in Amsterdam, as its in-house counsel tax and legal. Mr. Vlot is also currently a part-time teacher in corporate tax law at the Inholland University for Economic and Legal studies in Rotterdam and has taught Dutch and international corporate tax law at the Dutch Federal Tax Consultants Association in Amsterdam. Mr. Vlot holds a masters degree in Dutch and International Tax Law from the University of Amsterdam.

Former Executive Officers

Peter Shafron was our Senior Vice President Legal and Chief Financial Officer until he resigned on October 20, 2004. Mr. Shafron joined us in August 1993 and served as our Senior Company Solicitor from June 1995 until he was appointed General Counsel in March 1997. He was appointed Senior Vice President — Finance and Legal in November 2002 and in February 2004 was named Chief Financial Officer, taking over after Mr. Morley's retirement from the position at the end of May 2004. Before joining us, Mr. Shafron was an associate with the Australian law firm Allen Allen & Hemsley. He has a Bachelor of Arts

from the Australian National University, a Bachelor and Master of Laws from the University of Sydney and an MBA from Pepperdine University. Mr. Shafron is admitted to practice law in Australia and California.

Phillip Morley was our Chief Financial Officer until he retired from the position at the end of May 2004. Mr. Morley remained an employee until January 31, 2005. Mr. Morley joined us as Chief Accountant in October 1984 and served as our Financial Controller from 1988 to 1995 and Executive General Manager Building Services from 1995 to 1997. He was appointed Chief Financial Officer in 1997. Before joining us, Mr. Morley held senior positions in finance and management at Swift & Co Ltd and Pfizer Corporation. He is a Chartered Accountant and has a Bachelor of Economics and an MBA from the University of Sydney.

Employees

As of the end of each of the last three fiscal years, we employed the following number of people:

	Fiscal Years Ended March 31,		
	2005	2004	2003
Continuing Operations			
Fiber Cement:			
United States (includes Canada)	1,820	1,722	1,500
Australia	424	459	539
New Zealand	147	161	183
Philippines	211	225	209
Chile	139	122	91
Pipes (United States and Australia)	162	178	162
Europe	31	37	30
Roofing (United States)	19	18	—
Total Fiber Cement	2,953	2,922	2,714
Research & Development, including Technology	131	117	107
General Corporate	38	34	34
Discontinued Business			
Building Systems (New Zealand)	—	—	65
Total Employees	3,122	3,073	2,920

As of the end of March 31, 2005, of the 3,122 people employed, 369 were members of labor unions: (275 in Australia and 94 in New Zealand). Management believes that we have a satisfactory relationship with these unions and it members and there are currently no ongoing labor disputes.

Compensation

Remuneration

The aggregate amount of compensation that we paid to, or accrued with respect to, members of our Supervisory Board, our Managing Board and our Joint Board and to our executive officers (22 persons in aggregate) for services in all their capacities to us in fiscal year 2005 was approximately $18.1 million. This figure consists of base salaries, bonuses paid, accrued compensation relating to awards of shadow stock, superannuation and retirement benefits, stock options and severance.

As of March 31, 2005, the total amount accrued to provide pension, retirement or similar benefits was approximately $0.5 million and was related to certain members of our Supervisory Board.

The tables below set forth the compensation for those non-executive and executive directors who served on the Board during the fiscal years ended March 31, 2005 and 2004; and for our five most highly compensated current executive officers and for our former executive officers during the fiscal years ended March 31, 2005 and 2004 (if the current and former non-executive directors and executive officers were in this group for that period):

	Primary	Equity	Post-employment	Other	Total
Name	Directors' Fees US$	JHI NV Stock(1) US$	Superannuation(2) US$	Retirement Benefits US$	US$
Non-Executive Directors					
M. Hellicar					
Fiscal year 2005	$ 128,750	$ 20,000	$ 13,388	$ —	$ 162,138
Fiscal year 2004	43,333	20,000	5,700	—	69,033
M. R. Brown					
Fiscal year 2005	60,000	10,000	6,300	—	76,300
Fiscal year 2004	53,333	10,000	5,700	—	69,033
D. G. McGauchie					
Fiscal year 2005	55,000	10,000	5,850	—	70,850
Fiscal year 2004	31,667	15,000	4,200	—	50,867
J. D. Barr					
Fiscal year 2005	60,000	10,000	—	—	70,000
Fiscal year 2004	33,519	—	—	—	33,519
P. Cameron					
Fiscal year 2005	40,000	20,000	5,400	—	65,400
Fiscal year 2004	—	63,333	5,700	—	69,033
M.J. Gillfillan					
Fiscal year 2005	55,000	10,000	—	—	65,000
Fiscal year 2004	53,333	10,000	—	—	63,333
G. J. Clark					
Fiscal year 2005	50,000	10,000	—	—	60,000
Fiscal year 2004	—	63,333	—	—	63,333
J. R. H. Loudon					
Fiscal year 2005	40,000	20,000	—	—	60,000
Fiscal year 2004	47,333	16,000	—	—	63,333
Former Non-Executive Director					
A. G. McGregor(3)					
Fiscal year 2005	38,750	2,500	3,713	640,976	685,939
Fiscal year 2004	160,000	10,000	15,300	—	185,300
Total Compensation for Non-Executive Directors					
Fiscal year 2005	527,500	112,500	34,651	640,976	1,315,627
Fiscal year 2004	422,518	207,666	36,600	—	666,784

Name	Primary: Base Pay US$	Primary: Bonuses US$	Primary: Noncash Benefits US$	Post-employment: Superannuation and 401(K) Benefits US$	Equity: Shadow Share and Options(4) US$	Other: Severance Pay US$	Total US$
Executive Directors							
L. Gries(5)							
Fiscal year 2005	$ 576,654	$ 1,160,452	$136,012	$ 13,000	$ 233,155	$ —	$ 2,119,273
Fiscal year 2004	439,427	753,720	114,725	12,000	228,535	—	1,548,407
P. Vlot(6)							
Fiscal year 2005	136,436	—	—	3,619	—	—	140,055
Fiscal year 2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former Executive Directors							
P. D. Macdonald(7)							
Fiscal year 2005	471,219	—	17,697	13,000	138,430	6,513,284	7,153,630
Fiscal year 2004	822,500	1,745,390	15,693	12,000	593,558	—	3,189,141
F. H. Zwinkels(8)							
Fiscal year 2005	188,377	—	—	31,326	3,379	—	223,082
Fiscal year 2004	121,756	27,921	10,715	13,526	3,345	—	177,263
Total Compensation for Executive Directors							
Fiscal year 2005	1,372,686	1,160,452	153,709	60,945	374,964	6,513,284	9,636,040
Fiscal year 2004	1,383,683	2,527,031	141,133	37,526	825,438	—	4,914,811

Name	Primary: Base Pay US$	Primary: Bonuses US$	Primary: Noncash Benefits US$	Post-employment: 401(K) Benefits US$	Equity: Shadow Share & Options(4) US$	Other: Severance and Retirement Pay US$	Other: Relocation Allowances and Other Non-recurring	Total US$
Current Executive Officers								
Donald Merkley								
Fiscal year 2005	$ 334,000	$ 521,656	$65,245	$ 13,000	$ 195,177	$ —	$ —	$ 1,129,078
Fiscal year 2004	315,577	437,401	68,503	12,000	173,176	—	—	1,006,657
David Merkley								
Fiscal year 2005	303,769	475,573	87,978	13,000	192,269	—	—	1,072,589
Fiscal year 2004	285,577	394,064	68,481	12,000	135,437	—	—	895,559
J. Chilcoff								
Fiscal year 2005	234,231	259,688	31,956	12,000	27,172	—	104,971	670,018
Fiscal year 2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
M. T. Fisher								
Fiscal year 2005	215,770	262,062	50,301	12,946	107,084	—	17,438	665,601
Fiscal year 2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R. P. Russell								
Fiscal year 2005	233,751	234,542	32,366	12,833	111,733	—	—	625,224
Fiscal year 2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Primary			Post-employment	Equity	Other		Total
	Base Pay US$	Bonuses US$	Noncash Benefits US$	401(K) Benefits US$	Shadow Share & Options(4) US$	Severance and Retirement Pay US$	Relocation Allowances and Other Non-recurring	US$
Former Executive Officers								
P.J. Shafron(9)								
Fiscal year 2005	211,427	—	38,924	12,855	21,674	863,162	8,686	1,156,728
Fiscal year 2004	307,500	375,951	34,625	12,000	360,222	—	16,356	1,106,654
P.G. Morley(10)								
Fiscal year 2005	275,833	—	93,872	13,000	137,082	1,028,708	—	1,548,496
Fiscal year 2004	327,630	445,742	78,802	12,000	580,926	—	—	1,445,100
Total Compensation for Executive Officers								
Fiscal year 2005	1,808,781	1,753,521	400,642	89,634	792,191	1,891,870	131,095	6,867,734
Fiscal year 2004	1,236,284	1,653,158	250,411	48,000	1,249,761	—	16,356	4,453,970

(1) The annual allocation to non-executive directors of JHI NV stock to the value of $10,000 was approved by shareholders at the Annual General Meeting held on July 19, 2002. The non-executive directors can elect to take additional stock in lieu of fees.

(2) The superannuation benefits include Australian mandated 9% superannuation guarantee contributions on the Australian directors' total fees.

(3) On August 11, 2004, Mr. McGregor resigned as Chairman of the Supervisory Board due to ill health. On August 25, 2004, he resigned from the Joint and Supervisory Boards and from all Board committees.

(4) Options are valued using the Black-Scholes option-pricing model and the fair value of options granted are included in compensation during the period in which the options vest. The weighted average assumptions and weighted average fair valued used for grants in fiscal year 2005 were as follows: 1.1% dividend yield; 29.1% expected volatility; 3.2% risk free interest rate; 3.3 years of expected life; and A$1.35 weighted average fair value used at grant date. Shadow share expense included in compensation is calculated based on the movement in our share price during the year and the increase in vesting of the shadow shares; A$/US$ foreign exchange movements also affect the result. Actual benefit received depends on our share price and foreign exchange rates at the time of exercise. Our U.S. Shadow Stock Plan and Non-U.S. Based Employees Stock Plan were terminated at the end of February 2005 and the value on that day of all the outstanding shares of these plans were paid to the participants.

(5) On October 21, 2004, Mr. Gries was appointed as an interim member of the Managing Board and named interim Chief Executive Officer. On February 14, 2005, he was appointed Chief Executive Officer. Mr. Gries' appointment, as a member of the Managing Board, will require shareholders' approval at the next General Meeting of shareholders.

(6) On October 21, 2004, Mr. Vlot, the Company's secretary at the time, was appointed as an interim member of the Managing Board. On June 30, 2005, Mr. Vlot's temporary employment agreement expired by its terms and Mr. Butterfield was appointed as an interim member of the Managing Board on July 1, 2005. In connection with the expiration of his agreement, we expect to make a lump sum payment to Mr. Vlot of approximately 50,000 Euros.

(7) On October 21, 2004, Mr. Macdonald resigned from the Company.

(8) On October 21, 2004, Mr. Zwinkels resigned from his position on the Managing Board. On April 30, 2005, Mr. Zwinkels resigned as Treasurer. In connection with his resignation, in May 2005 (after the end of fiscal year 2005), we made a lump sum payment to Mr. Zwinkels of approximately $65,000 in connection with his final settlement agreement.

(9) On October 20, 2004, Mr. Shafron resigned from the Company.

(10) Consistent with prior years, gross up of tax on the increase/decrease in investment value of superannuation is included for Mr. Morley. This benefit is provided to Mr. Morley to offset U.S. taxes he would not have had to pay on his superannuation if he were still in Australia. At the end of May 2004, Mr. Morley retired from his position of Chief Financial Officer, but remained an employee until January 31, 2005. In connection with his retirement, we made a lump sum payment to Mr. Morley equal to 18 months of salary based on his salary at the time of his departure. We also paid additional salary amounts owned to him related to expatriate pay. On February 1, 2005, Mr. Morley entered into a consulting agreement with the Company.

We sponsor a U.S. defined contribution plan, the James Hardie Retirement and Profit Sharing Plan, for our employees in the United States and a defined benefit pension plan, the Hardiplan Superannuation Plan, for our employees in Australia. The U.S. defined contribution plan is a tax-qualified retirement and savings plan (the "401(k) Plan") covering all U.S. employees, subject to certain eligibility requirements. Participating employees may elect to reduce their current annual compensation by up to $14,000 in calendar year 2005 and have the amount of such reduction contributed to the 401(k) Plan, with a maximum compensation limit of $210,000. In addition, we match employee contributions dollar for dollar up to a maximum of the first 6% of an employee's base salary. The Hardiplan Superannuation Plan is funded based on statutory requirements in Australia and is based primarily on the contributions and income derived thereon held by the plan on behalf of the member, and to a lesser degree, on the participants' eligible compensation and years of credited service.

On February 22, 2005, December 14, 2004, December 5, 2003, December 3, 2002 and December 17, 2001, we granted options to purchase 273,000 shares, 5,391,100 shares, 6,179,583 shares, 4,037,000 shares and 4,248,417 shares of our common stock, respectively, at fair market value to management and other employees under the 2001 Equity Incentive Plan. The JHIL Key Management Equity Incentive Plan ("KMEIP") was terminated as of October 19, 2001 and was replaced with the 2001 Equity Incentive Plan. See the section below entitled "Option Ownership."

On October 19, 2001, the effective date of the 2001 Reorganization, we confirmed the Economic Profit Incentive Plan. The Economic Profit Incentive Plan provides incentive compensation, in the form of year-end bonus payments, to certain of our officers and key employees based on the participant's achievement of mutually agreed upon individual performance objectives and our achievement of certain target economic profit levels.

In addition, as part of the 2001 Reorganization, we amended the JHIL 1998 Executive Stock Incentive Plan, the JHIL 2000 Executive Stock Incentive Plan and the James Hardie Inc. Shadow Stock Plan so that our, rather than JHIL's common stock served as the benchmark for determining cash payments at maturity. All shadow shares issued under these plans were fully vested and the cash payments were made in February 2005.

At our 2002 Annual General Meeting, our shareholders approved a Supervisory Board Share Plan ("SBSP"), which requires that all non-executive directors on our Joint Board and Supervisory Board receive shares of our common stock as payment for a portion of their director fees. The SBSP requires our directors to take at least $10,000 of their fees in shares and allows directors to receive additional shares in lieu of fees in their discretion. Shares issued under the $10,000 compulsory component of the SBSP are subject to a two-year escrow that requires members of the Supervisory Board to retain shares for at least two years following issue. The issue price for the shares is the market value at the time of issue. No loans will be entered into by us in relation to the grant of shares pursuant to the SBSP.

Service Contracts and Severance Agreements

Service Contracts with Current Directors

Mr. Gries and Mr. Butterfield, each treated as a member of our Managing Board, have employment agreements with us pursuant to which they are compensated for their services as executive officers. The terms of the agreement are described below. None of our Supervisory Board members has a service contract with us.

Louis Gries

Mr. Gries is our Chief Executive Officer, the interim Chairman of the Managing Board and an interim Member of the Joint Board. Mr. Gries was appointed interim Chief Executive Officer and interim member of the Managing Board on October 21, 2004. On February 14, 2005, he was appointed Chief Executive Officer. Mr. Gries' appointment as a member of the Managing Board will be considered by our shareholders at the next General Meeting.

His employment agreement is for a period of three years and the term will be automatically extended for one year on each February during the term unless either party notifies the other that it does not want the term to extend. If Mr. Gries' employment as Chief Executive Officer is terminated without cause or by Mr. Gries for good reason, then he will receive severance pay equal to 1.5 times his annual salary at the time of departure plus an annual bonus equal to 1.5 times the average annual bonus he was paid over the immediately preceding three fiscal years. Additionally, Mr. Gries will consult with us for two years after his termination. Subject to compliance with the consulting agreement, he will receive his annual salary and annual target bonus during this time, as well as certain additional benefits.

Benjamin Butterfield

Mr. Butterfield is our General Counsel, Company Secretary and an interim member of the Managing Board. Mr. Butterfield was appointed interim member of the Managing Board on July 1, 2005. His appointment on the Managing Board will be considered by our shareholders at the next General Meeting.

Mr. Butterfield currently has an International Assignment Agreement to be located in Amsterdam, The Netherlands. His agreement is for a period of three years and the term may be extended by mutual agreement. Either we or Mr. Butterfield can terminate the employment relationship at any time and for any reason. In the event that the assignment is terminated by us, we will pay reasonable repatriation costs for Mr. Butterfield and his belongings back to the United States unless the employment is terminated by us for breach of conditions applying to his employment. In the event that we terminate Mr. Butterfield for breach of conditions, or if he voluntarily terminates his assignment before the end of its terms, Mr. Butterfield will be required to pay back all relocation costs (pro-rated), which we paid to him related to his relocation from the United States to Amsterdam.

Service Contracts with Former Directors

During the fiscal year ended March 31, 2004 and part of fiscal year 2005, Mr. Macdonald and Mr. Zwinkels were members of our Managing Board. In addition, from October 2004 through June 2005, Mr. Vlot was an interim member of our Managing Board. Each had employment agreements with us pursuant to which they were compensated. The terms of the agreement, are described below.

Peter Macdonald

Until October 21, 2004, Mr. Macdonald served as our Chief Executive Officer, the Chairman of the Managing Board and member of the Joint Board. In accordance with his employment agreement, he served as one of the members of our Managing Board and as our Chief Executive Officer and as Chief Executive Officer of several of our subsidiaries. Mr. Macdonald's last agreement took effect on November 1, 2002 and was to expire on October 31, 2005.

After his resignation as our Chief Executive Officer, we engaged Mr. Macdonald in a consulting role for a minimum period of 27 months in order to efficiently transition his duties as Chief Executive Officer to his successor. From October 22, 2004 through January 21, 2005, Mr. Macdonald was paid a monthly consulting fee of $60,000 in return for committing to up to 80% of a full-time role during that period. From January 22, 2005 through March 31, 2005, Mr. Macdonald was paid a monthly fee of $10,000. We paid Mr. Macdonald a total of $201,289 from October 22, 2004 to March 31, 2005. After March 31, 2005, we have paid and expect to continue to pay Mr. Macdonald a monthly fee of $10,000 for the remainder of the agreement.

Folkert Zwinkels

During fiscal year 2004 and until October 21, 2004, Mr. Zwinkels was a member of the Managing Board. On October 1, 2001, James Hardie Industries Finance B.V. entered into an employment agreement with Mr. Zwinkels, and the agreement was amended on August 6, 2004. On April 30, 2005, Mr. Zwinkels resigned from his position as Company Treasurer.

Pim Vlot

Mr. Vlot served as our Company Secretary and an interim member of the Managing Board from October 2004 through June 30, 2005. We entered into a temporary employment agreement with Mr. Vlot on January 1, 2004 and it was amended on June 15, 2004 and December 30, 2004. The temporary agreement, as amended, provided that unless an indefinite contract was negotiated, the contract would automatically terminate on June 30, 2005. The agreement expired by its terms on June 30, 2005.

Severance Agreements

In connection with the resignation of Mr. Macdonald and Mr. Shafron, we entered into agreements with each individual.

The severance agreement with Mr. Macdonald was consistent with the terms of his employment agreement. We made a lump sum payment to Mr. Macdonald equal to two times his current annual salary at the time of his departure plus twice the annual bonus paid in the year immediately preceding the year of termination plus fiscal year ending 2004's notional balance under our Economic Profit Incentive Plan.

The severance agreement with Mr. Shafron was consistent with his employment agreement. We made a lump sum payment to Mr. Shafron equal to the sum of his current annual salary at the time of his departure plus his annual target bonus plus fiscal year ending 2004's notional balance under our Economic Profit Incentive Plan.

Share Ownership

As of May 31, 2005, the number of shares of our common stock beneficially owned by each person listed in the table under the heading "Compensation — Remuneration," is set forth below. This table below excludes the late Mr. McGregor.

Name	Number of Shares Beneficially Owned(1)	Percent of Class(2)
Current Directors and Executive Officers		
Meredith Hellicar	10,051	*
John Barr(3)	22,068	*
Michael Brown	13,969	*
Peter Cameron	13,719	*
Gregory Clark	13,358	*
Michael Gillfillan(4)	53,969	*
James Loudon	5,597	*
Donald McGauchie(5)	5,811	*
Louis Gries	823,462	*
Pim Vlot	—	*
Donald Merkley	473,532	*
David Merkley	368,402	*
James Chilcoff	237,648	*
Mark Fisher	211,974	*
Robert Russell	88,500	*
Former Directors and Executive Officers		
Peter Macdonald (former CEO)(6)	884,587	*
Peter Shafron (former CFO)	—	*
Phillip Morley (former CFO)	622,634	*
Folkert Zwinkels (former Treasurer and former member of our Managing Board)	—	*

* Indicates that the individual beneficially owns less than 1% of our shares of common stock.

(1) Since the SBSP was approved at the 2002 Annual General Meeting, three general allotments have been made to non-executive directors. The number of beneficial shares includes the following SBSP allotments:

	Shares Allotted Under SBSP		
Name	December 3, 2004(a)	August 22, 2003(b)	August 27, 2002(c)
Meredith Hellicar	2,117	2,225	2,948
John Barr	1,068	—	—
Michael Brown	1,068	1,260	1,641
Peter Cameron	2,117	5,602	—
Gregory Clark	1,068	5,602	6,688
Michael Gillfillan	1,068	1,260	1,641
James Loudon	2,117	1,839	1,641
Donald McGauchie	1,068	1,743	—

(a) Each participant's December 3, 2004 mandatory participation of 1,068 shares is subject to a two-year escrow period ending on December 4, 2006.

(b) Each participant's August 22, 2003 mandatory participation of 1,260 shares is subject to a two-year escrow period ending on August 22, 2005.

(c) Each participant's August 27, 2002 mandatory participation of 1,641 shares were subject to a two-year escrow period until they were released on August 27, 2004.

(2) Based on 460,967,944 shares of common stock outstanding at May 31, 2005 (all of which are subject to CUFS).

(3) As of May 31, 2005, 21,000 shares were held in a trust, of which Mr. Barr and his wife are trustees.

(4) As of May 31, 2005, 50,000 shares were held in a trust, of which Mr. Gillfillan and his wife are trustees.

(5) Includes 3,000 shares held in the McGauchie Superfund, of which Mr. McGauchie is a trustee.

(6) As of May 31, 2005, 403,600 shares were held jointly by Mr. Macdonald and his wife and 380 shares were held by Mr. Macdonald's wife in trust for their children.

None of the shares held by any of the directors or executive officers has any special voting rights. Beneficial ownership of shares includes shares issuable upon exercise of options which are exercisable within 60 days of May 31, 2005. In addition, Mr. Macdonald has 1,950,000 shares outstanding as of May 31, 2005. If on July 12, 2005, the performance hurdle is satisfied, some or all his options will become exercisable. See "— Equity Plans — JHI NV Peter Donald Macdonald Share Option Plan 2002" below.

Option Ownership

The number of shares of our common stock that each person listed in the table under the heading "Compensation — Remuneration," have an option to purchase as of May 31, 2005 was:

Name	Number of Shares Underlying Options Owned	Exercise Price	Expiration Date
Current Executive Officers			
Louis Gries	40,174(1)(2)	A$3.1321/share(3)(4)(5)	November 2009
	175,023(1)(6)	A$3.0921/share(3)(4)(5)	November 2010
	324,347(7)	A$5.0586/share(4)(5)	December 2011
	325,000(8)	A$6.4490/share(5)	December 2012
	325,000(9)	A$7.05/share	December 2013
Pim Vlot	—		

Name	Number of Shares Underlying Options Owned	Exercise Price	Expiration Date
Donald Merkley	48,209(1)(2)	A$3.1321/share(3)(4)(5)	November 2009
	138,170(1)(10)	A$3.0921/share(3)4)(5)	November 2010
	170,709(7)	A$5.0586/share(4)(5)	December 2011
	200,000(8)	A$6.4490/share(5)	December 2012
	250,000(9)	A$7.05/share	December 2013
	230,000(11)	A$5.99/share	December 2014
David Merkley	48,209(1)(2)	A$3.1321/share(3)(4)(5)	November 2009
	82,902(1)(10)	A$3.0921/share(3)(4)(5)	November 2010
	102,425(7)	A$5.0586/share(4)(5)	December 2011
	200,000(8)	A$6.4490/share(5)	December 2012
	250,000(9)	A$7.05/share	December 2013
	230,000(11)	A$5.99/share	December 2014
James Chilcoff	40,174(1)(2)	A$3.1321/share(3)(4)(5)	November 2009
	92,113(1)(12)	A$3.0921/share(3)(4)(5)	November 2010
	68,283(7)	A$5.0586/share(4)(5)	December 2011
	111,000(8)	A$6.4490/share(5)	December 2012
	180,000(11)	A$5.99/share	December 2014
Mark Fisher	92,113(1)(12)	A$3.0921/share(3)(4)(5)	November 2010
	68,283(7)	A$5.0586/share(4)(5)	December 2011
	74,000(8)	A$6.4490/share(5)	December 2012
	132,000(9)	A$7.05/share	December 2013
	180,000(11)	A$5.99/share	December 2014
Robert Russell	27,634(1)(13)	A$3.0921/share(3)(4)(5)	November 2010
	111,000(8)	A$6.4490/share(5)	December 2012
	132,000(9)	A$7.05/share	December 2013
	180,000(11)	A$5.99/share	December 2014
Former Directors and Executive Officers			
Peter Macdonald (former CEO)	1,950,000(14)	A$5.7086/share(4)(5)	July 2012
Phillip Morley (former CFO)	273,134(7)(15)	A$5.0586/share(4)(5)	February 2007
	134,300(8)(15)	A$6.4490/share(5)	February 2007
	100,000(9)(15)	A$7.05/share	February 2007
Peter Shafron (former CFO)	—		
Folkert Zwinkels (former Treasurer and former member of our Managing Board)	—		

(1) This nonqualified stock option to purchase shares of our common stock was granted on October 19, 2001 under our 2001 Equity Incentive Plan in exchange for the termination of an award of shadow stock covering an equal number of shares of JHIL common stock. See "Equity Plans — 2001 Equity Incentive Plan" under Item 6.

(2) All options vested and became exercisable in November 2004.

(3) The exercise price reflects an A$0.0965 per share price reduction due to a capital return paid to shareholders in December 2001.

(4) The exercise price reflects an A$0.3804 per share price reduction due to a capital return paid to shareholders in November 2002.

(5) The exercise price reflects an A$0.2110 per share price reduction due to a capital return paid to shareholders in November 2003.

(6) Options vest and become exercisable in two equal installments in November 2004 and 2005.

(7) Granted under the 2001 Equity Incentive Plan. All options vested and became exercisable in December 2004.

(8) Granted under the 2001 Equity Incentive Plan. Options vest and become exercisable in three installments: 25% on December 3, 2003; 25% on December 3, 2004; and 50% on December 3, 2005.

(9) Granted under the 2001 Equity Incentive Plan. Options vest and become exercisable in three installments: 25% on December 5, 2004; 25% on December 5, 2005; and 50% on December 5, 2006.

(10) Options vest and become exercisable in three equal installments in November 2003, 2004 and 2005.

(11) Granted under the 2001 Equity Incentive Plan. Options vest and become exercisable in three installments: 25% on December 14, 2005; 25% on December 14, 2006; and 50% on December 14, 2007.

(12) The options are 80% vested. The remaining options vest and become exercisable in November 2005.

(13) Options vest and become exercisable in November 2005.

(14) This option was granted to Mr. Macdonald on July 19, 2002 under the 2002 Peter Donald Macdonald Share Option Plan. These options will become exercisable for 1,462,500 shares on the first business day on or after July 19, 2005 if our TSR from July 19, 2002 to July 19, 2005 is at least equal to the median TSR for the companies comprising our peer group. In addition, for each one-percent improvement in our TSR ranking above the median TSR for our peer group, 19,500 shares become exercisable (up to a total of 487,500 additional shares). The vested options will remain exercisable until July 19, 2012. As of March 31, 2005, all 1,950,000 options were outstanding. If the performance hurdle is not met by October 31, 2005, the options will lapse and be cancelled. See "— Equity Plans — JHI NV Peter Donald Macdonald Share Option Plan 2002" below.

(15) All options vested and became exercisable at retirement at February 2005.

Stock-Based Compensation

At March 31, 2005, the Company had the following stock-based compensation plans: three Peter Donald Macdonald Share Option Plans; the 2001 Equity Incentive Plan; the Key Management Shadow Stock Incentive Plan; the Stock Appreciation Rights Plan; and the Supervisory Board Share Plan.

Peter Donald Macdonald Share Option Plans

Peter Donald Macdonald Share Option Plan

As a replacement for options previously granted by JHIL on November 17, 1999, we granted Mr. Macdonald an option to purchase 1,200,000 shares of our common stock at an exercise price of A$3.87 per share under the JHI NV Peter Donald Macdonald Share Option Plan. The exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions, as set out in the plan rules. As a result, the exercise price was reduced by A$0.21, A$0.38 and A$0.10 for the November 2003, November 2002 and December 2001 returns of capital, respectively. As with the original JHIL option grant, this stock option became fully vested and exercisable on November 17, 2004. All 1,200,000 options were outstanding and exercisable at March 31, 2005. Mr. Macdonald exercised all of these options in April 2005, prior to its expiration date of April 20, 2005.

Peter Donald Macdonald Share Option Plan 2001

As a replacement for options previously granted by JHIL on July 12, 2001, we granted Mr. Macdonald an option to purchase 624,000 shares of our common stock at an exercise price per share equal to A$5.45 under the JHI NV Peter Donald Macdonald Share Option Plan 2001. As set out in the plan rules, the exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions. Consequently, the exercise price was reduced by A$0.21, A$0.38 and A$0.10 for the November 2003, November 2002 and December 2001 returns of capital, respectively. The replacement options were to become exercisable for 468,000 shares on the first business day on or after July 12, 2004, if our TSR (essentially its dividend yield and common stock performance) from July 12, 2001 to that date was at least equal to the median TSR for the companies comprising our peer group, as set out in the plan (the "Initial Performance Milestone"). In addition, the replacement options were to become exercisable on that same day for an additional 6,240 shares for each one-percent improvement in our TSR ranking above the median total shareholder returns for our peer group (up to a total of 156,000 additional shares). On the first business day of each month from November 2004 until the options expired on April 20, 2005, six months after the date of Mr. Macdonald's resignation, our TSR was compared with that of our peer group to determine if any previously unvested options vest according to the applicable test described above. All 624,000 options were outstanding at March 31, 2005. Because the TSR requirement had not been met six months after Mr. Macdonald ceased to be employed by us, all of these options expired in April 2005.

Peter Donald Macdonald Share Option Plan 2002

On July 19, 2002, under the JHI NV Peter Donald Macdonald 2002 Share Option Plan, we granted Mr. Macdonald an option to purchase 1,950,000 shares of our common stock at an exercise price of A$6.30 per share. As set out in the plan rules, the exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions. Consequently, the exercise price was reduced by A$0.21 and A$0.38 for the November 2003 and November 2002 returns of capital, respectively. These options will become exercisable for 1,462,500 shares of our common stock on the first business day on or after July 19, 2005, if our TSR from July 19, 2002 to July 19, 2005 is at least equal to the median total shareholder returns for the companies comprising our peer group, which comprises those companies included in the S&P/ ASX 200 index excluding the companies listed in the 200 Financials and 200 Property Trust indices. Additionally, for each one-percent improvement in our TSR ranking above the median TSR for its peer group 19,500 shares become exercisable (up to a total of 487,500 additional shares). If any options remain unexercisable on July 19, 2005 because the applicable test for TSR is not satisfied, then on the first business day of each subsequent month until October 31, 2005, our TSR will again be compared with that of its peer group to determine if any previously unvested options vest according to the applicable test described above. The vested options will remain exercisable until the tenth anniversary of the issue date, July 19, 2012. All 1,950,000 options were outstanding at March 31, 2005.

2001 Equity Incentive Plan

Under our 2001 Equity Incentive Plan, our employees, including employees of our subsidiaries and officers who are employees, but not including any member of our Managing Board or Supervisory Board, are eligible to receive awards in the form of nonqualified stock options, performance awards, restricted stock grants, stock appreciation rights, dividend equivalent rights, phantom stock or other stock-based benefits. The 2001 Equity Incentive Plan is intended to promote our long-term financial interests by encouraging our management and other persons to acquire an ownership position in us, to align their interests with those of our shareholders and to encourage and reward their performance. The 2001 Equity Incentive Plan was approved by our shareholders and Joint Board subject to implementation of the consummation of our 2001 Reorganization.

An aggregate of 45,077,100 shares of common stock have been made available for issuance under the 2001 Equity Incentive Plan, provided that such number (and any awards granted) is subject to adjustment in

the event of a stock split, stock dividend or other changes in our common stock or capital structure or our restructuring. Our ADSs evidenced by ADRs and our common stock in the form of CUFS will be equivalent to and interchangeable with our common stock for all purposes of the 2001 Equity Incentive Plan, provided that ADRs will be proportionately adjusted to account for the ratio of CUFS in relation to ADRs.

The following number of options to purchase shares of our common stock issued under this plan in each of the past three years were as follows:

Share Grant Date	Number of Options Granted	Options Outstanding as of May 31, 2005
October 2001(1)	5,468,829	1,323,066
December 2001	4,248,417	1,992,746
December 2002	4,037,000	2,622,300
December 2003	6,179,583	4,503,355
December 2004	5,391,100	5,079,100
February 2005	273,000	273,000
Total outstanding		15,793,567

(1) Awarded to our employees on October 19, 2001 in exchange for the cancellation of JHIL shadow stock awards under the JHIL Key Management Equity Incentive Plan.

Our Remuneration Committee administers the 2001 Equity Incentive Plan. Subject to the provisions of the 2001 Equity Incentive Plan, our Joint Board or Remuneration Committee is authorized to determine who may participate in the 2001 Equity Incentive Plan, the number and types of awards made to each participant and the terms, conditions and limitations applicable to each award. In addition, our Joint Board or Remuneration Committee will have the exclusive power to interpret the 2001 Equity Incentive Plan and to adopt such rules and regulations as it deems necessary or appropriate for purposes of administering the 2001 Equity Incentive Plan. Subject to certain limitations, our Joint Board or Remuneration Committee will be authorized to amend, modify or terminate the 2001 Equity Incentive Plan to meet any changes in legal requirements or for any other purpose permitted by law.

The purchase or exercise price of any award granted under the 2001 Equity Incentive Plan may be paid in cash or other consideration at the discretion of our Joint Board or Remuneration Committee. Our Joint Board or Remuneration Committee, in its discretion, may allow cashless exercises of awards or may permit us to assist in the exercise of options.

Stock Options. Under the 2001 Equity Incentive Plan, our Joint Board or Remuneration Committee is authorized to award nonqualified options to purchase shares of common stock as additional employment compensation. The 2001 Equity Incentive Plan does not allow us to grant options qualified as "incentive stock options" under Section 422 of the U.S. Internal Revenue Code of 1986, as amended. Options are exercisable over such periods as may be determined by our Joint Board or Remuneration Committee, but no stock option may be exercised after 10 years from the date of grant. Options may be exercisable in installments and upon such other terms as determined by our Joint Board or Remuneration Committee. Options are evidenced by notices of option grants authorized by our Joint Board or Remuneration Committee. No option is transferable other than by will or by the laws of descent and distribution or pursuant to certain domestic relations orders.

Performance Awards. Our Joint Board or Remuneration Committee, in its discretion, may award performance awards to an eligible person contingent on the attainment of criteria specified by our Joint Board or Remuneration Committee. Performance awards are paid in the form of cash, shares of common stock or a combination of both. Our Joint Board or Remuneration Committee determines the total number of performance shares subject to an award, and the terms and the time at which the performance shares will be issued.

Restricted Stock Awards. Our Joint Board or Remuneration Committee may award restricted shares of common stock, which are subject to forfeiture under such conditions and for such periods of time as our Joint Board or Remuneration Committee may determine. Shares of restricted stock may not be sold, transferred, assigned, pledged or otherwise encumbered so long as such shares remain restricted. Our Joint Board or Remuneration Committee determines the conditions or restrictions of any restricted stock awards, which may include restrictions on requirements of continued employment, individual performance or our financial performance or other criteria.

Stock Appreciation Rights. Our Joint Board or Remuneration Committee also may award stock appreciation rights either in tandem with an option or alone. Stock appreciation rights granted in tandem with a stock option may be granted at the same time as the stock option or at a later time. A stock appreciation right entitles the participant to receive from us an amount payable in cash, in shares of common stock or in a combination of cash and common stock, equal to the positive difference between the fair market value of a share of common stock on the date of exercise and the grant price, or such lesser amount as our Joint Board or Remuneration Committee may determine.

Dividend Equivalent Rights. Dividend equivalent rights, defined as a right to receive payment with respect to all or some portion of the cash dividends that are or would be payable with respect to shares of common stock, may be awarded in tandem with stock options, stock appreciation rights or other awards under the 2001 Equity Incentive Plan. Our Joint Board or Remuneration Committee determines the terms and conditions of these rights. The rights may be paid in cash, shares of common stock or other awards.

Other Stock-Based Benefits. Our Joint Board or Remuneration Committee may award other benefits that, by their terms, might involve the issuance or sale of our common stock or other securities, or involve a benefit that is measured by the value, appreciation, dividend yield or other features attributable to a specified number of shares of our common stock or other securities, including but not limited to stock payments, stock bonuses and stock sales.

Effect of Change in Control. The 2001 Equity Incentive Plan provides for the automatic acceleration of certain benefits and the termination of the plan under certain circumstances in the event of a "change in control." A change in control will be deemed to have occurred if either (1) any person or group acquires beneficial ownership equivalent to 30% of our voting securities, (2) individuals who are members of our Joint Board as of the effective date of the 2001 Equity Incentive Plan, or individuals who became members of our Joint Board after the effective date of the 2001 Equity Incentive Plan whose election or nomination for election was approved by a majority of such individuals (or, in the case of directors nominated by a person, entity or group with 20% of our voting securities, by two-thirds of such individuals) cease to constitute at least a majority of the members of our Joint Board, or (3) there occurs the consummation of certain mergers, the sale of substantially all of our assets or our complete liquidation or dissolution.

Shadow Stock and Stock Appreciation Rights Plans

The U.S. Shadow Stock Plan provides an incentive to certain key employees in the United States based on growth in our share price over time as if such employees were the owners of that number of our common stock equal to the number of shares of shadow stock issued to employees. The vesting period of awards under the shadow stock plan is five years. The last grant date under the U.S. Shadow Stock Plan was December 17, 2001. In December 1998, a shadow stock plan for non-U.S. based employees was instituted under similar terms to the U.S. Shadow Stock Plan with a vesting period of three years. The last grant date under the non-U.S. plan was August 15, 2001. Both shadow stock plans were terminated on February 28, 2005. The value on that day of all the outstanding shares of those plans was paid to the participants.

On December 5, 2003, 12,600 shadow stock shares were granted under the terms and conditions of the Key Management Shadow Stock Incentive Plan. All of these shares remained outstanding as of March 31, 2005 but were subsequently cancelled in April 2005.

On December 14, 2004, 527,000 stock appreciation rights were granted under the terms and conditions of the JHI NV Stock Appreciation Rights Incentive Plan. This plan provides similar incentives as the 2001

Equity Incentive Plan. All of these stock appreciation rights were outstanding at March 31, 2005 and will vest over three years from the date of grant. At June 30, 2005, 27,000 stock appreciation rights were cancelled.

Supervisory Board Share Plan

At our 2002 Annual General Meeting, our shareholders approved a SBSP, which requires that all non-executive directors on our Joint Board and Supervisory Board receive shares of our common stock as payment for a portion of their director fees. The SBSP requires that our directors to take at least $10,000 of their fees in shares and allows directors to receive additional shares in lieu of fees in their discretion. Shares issued under the $10,000 compulsory component of the SBSP are subject to a two-year escrow that requires members of the Supervisory Board to retain those shares for at least two years following issue. The issue price for the shares is the market value at the time of issue. No loans will be entered into by us relation to the grant of shares pursuant to the SBSP.

Other Compensation: Economic Profit Incentive Plan

We maintain an Economic Profit Incentive Plan, which provides incentive compensation to certain of our directors, officers and key executives. This plan is a variable pay plan, which links the Company's economic profit to bonus payments to certain key individuals. These designated executives are entitled to receive bonus payments upon the accomplishment of certain economic profit target levels of the Company and certain other mutually agreed upon personal objectives. The target bonus is paid to the participant at the end of the year if the economic profit target is met. If the economic profit target is exceeded, the participant realizes a bonus greater than his or her target bonus, but only one-third of the excess bonus is paid to the participant at the end of the fiscal year. The remaining two-thirds is then deposited with a notional bank and is paid to the executive over the following two years if the economic profit target is met in these years, or is reduced if the economic profit target is not met. This arrangement distinguishes between sustained performance and one-time performance and encourages participants to maintain a long-term view.

Employment Agreements

We enter into employment agreements with certain of our senior executives. The amounts paid under these agreements are listed under the heading "Compensation, on page 94 above." The terms of these agreements provide for an annual base salary, potential annual bonus payments pursuant to our Economic Profit Incentive Plan, and various benefits and expense reimbursements. These agreements also include restrictive covenants to protect our trade secrets, as well as agreements regarding non-competition and non-solicitation of our employees for a specified period in the event the executive is no longer employed by us.

Item 7. *Major Shareholders and Related Party Transactions*

Major Shareholders

At May 31, 2005, all issued and outstanding shares of our common stock were listed on the Australian Stock Exchange in the form of CHESS Units of Foreign Securities ("CUFS"). CUFS represent beneficial ownership of our shares. CHESS Depository Nominees Pty Ltd is the registered owner of the shares represented by CUFS. Each of our CUFS represents one share of our common stock.

To our knowledge, based on shareholder notices filed with the Australian Stock Exchange (unless indicated otherwise below), as of May 31, 2005, the following table identifies those shareholders which beneficially owned 5% or more of our common stock and their holdings as of the date of their last respective notices:

Shareholder	Shares Beneficially Owned	Percentage of Shares Outstanding
Commonwealth Bank of Australia (and subsidiaries)	75,268,867	16.40%
Lazard Asset Management Pacific Co.	40,876,189	8.90%
Schroder Investment Management Australia Limited	39,835,741	8.69%
National Australia Bank Limited Group	28,198,184	6.15%
The Capital Group Companies, Inc.	28,039,211	6.11%

Commonwealth Bank merged with Colonial First State Investments in June 2000, and their combined holdings as of March 22, 2001 exceeded 5% of JHIL's outstanding stock. Commonwealth Bank increased its percentage ownership of JHIL to approximately 13% in May 2001. Through subsequent periodic purchases, Commonwealth Bank gradually increased its interest in JHI NV to 17.03% in July 2003, but based on information provided by Commonwealth Bank in its Form 13G filed with the U.S. Securities and Exchange Commission (the "SEC") on February 28, 2005, it had reduced its interest in JHI NV to 16.40%.

Lazard Asset Management Pacific Co became a substantial shareholder on April 1, 2004, with a 5.34% interest in our outstanding stock and increased its holding in JHI NV on April 11, 2005 to 8.90% in the last notice received.

Schroder Investment Management Australia Limited became a substantial shareholder on January 28, 2004, with a 5.55% interest in JHI NV outstanding shares and increased its holding in JHI NV on April 6, 2004 to 8.69% in the last notice received.

National Australia Bank Limited Group became a substantial shareholder on May 25, 2004, with 5.03% of our outstanding stock and increased its holding in JHI NV on June 16, 2004 to 6.15% in the last notice received.

The Capital Group Companies, Inc became a substantial shareholder on August 3, 2004, with a 5.09% interest in JHI NV outstanding shares and increased its holding in JHI NV on September 6, 2004 to 6.11% in the last notice received.

Concord Capital Ltd became a substantial shareholder on June 18, 2004, with 5.34% of our outstanding stock before reducing its holding in JHI NV below 5% on August 6, 2004. However, through subsequent periodic purchases, Concord Capital Ltd gradually increased its interest in JHI NV to above 5%, before reducing its holdings in JHI NV below 5% on April 8, 2005.

Each of the above shareholders has the same voting rights as all other holders of our common stock. To our knowledge, except for the major shareholders described above, we are not directly or indirectly owned or controlled by another corporation, by a foreign government or by any other natural or legal persons severally or jointly.

Other Security Ownership Information

At May 31, 2005, 0.66% of the outstanding shares of our common stock were held by 56 CUFS holders with registered addresses in the United States. In addition, at May 31, 2005, 0.38% of our outstanding shares were represented by ADRs held by 14 holders, all of whom have registered addresses in the United States. A total of 1.04% of our outstanding capital stock was registered to 70 United States holders as of May 31, 2005.

Related Party Transactions

In accordance with the New York Stock Exchange listing standards, our Audit Committee reviews and approves all related party transactions. In discharging the duties set forth in their charter, the Audit Committee reviews all conflicts and/or related party transactions at least every year in the fourth quarter. In addition, the Audit Committee reviews any proposed related party transaction from time to time as they arise. Furthermore, the Code of Business Conduct and Ethics adopted by the Company requires directors and employees to avoid conflicts of interest, which include related party transactions.

Transactions and Existing Loans to our Directors and Directors of our Subsidiaries

Loans receivable totaling $32,508 were outstanding from our directors and directors of our subsidiaries under the terms and conditions of the Executive Share Purchase Plan (the "Plan") at May 31, 2005. Loans under the Plan are interest free and repayable from dividend income earned by, or capital returns from, securities acquired under the Plan. The loans are collateralized by shares issued under the Plan. No new loans to our directors or executive officers, under the Plan or otherwise, and no modifications to the existing loans have been made since December 1997. Repayments totaling $18,632 were received in fiscal year 2005 in respect of the Plan from such directors. No repayments were made in April and May 2005.

During fiscal year 2005, directors resigned with loans outstanding totaling $117,688 at the date of their resignation. These amounts are repayable to us within two years under the terms of the Plan.

The following table sets forth the names of our and our subsidiaries' directors and their respective loan amounts as of May 31, 2005. All figures are in U.S. dollars.

Director	May 31, 2005
A. Kneeshaw	$ 12,012
D. Salter	20,496
Total	$ 32,508

Payments Made to Directors and Director Related Entities of our Subsidiaries

In August 2004, Chairman Hellicar was appointed as Chairman of the Special Committee of the Board. The Special Committee of the Board was established to oversee our participation in the SCI. In this role, she received a fee of $45,000 for the year ended March 31, 2005.

Mr. Clark is a non-executive director of ANZ Banking Group Limited with whom we transact banking business. Mr. McGauchie is also a non-executive director of Telstra Corporation Limited from which we purchase communications services. All transactions were in accordance with normal commercial terms and conditions. It is not considered that these directors had significant influence over these transactions.

In February 2004, one of our subsidiaries entered into a consulting agreement in usual commercial terms and conditions with The Gries Group in respect to professional services. The principal of The Gries Group, James P. Gries, is Mr. Louis Gries' brother. Under the agreement, approximately $12,000 is paid each month to The Gries Group. The agreement expired in June 2005 and payments of $157,080 were made for the year ended March 31, 2005. Mr. Louis Gries has no economic interest in The Gries Group.

Payments of $6,817 for the year ended March 31, 2005 were made to Grech, Vella, Tortell & Hyzler Advocates. Dr. Vella was a director of a number of our subsidiaries during fiscal year 2005. The payments were made in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments of $86,822 for the year ended March 31, 2005 were made to Pether and Associates Pty Ltd, technical contractors. The late J. Pether was a director of one of our subsidiaries and was a director of Pether and Associates Pty Ltd. The payments were in respect of technical services provided to us and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $27,634 for the year ended March 31, 2005 were made to R. Chistensen and T. Norman who are directors of one of our subsidiaries. The payments were made in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $71,849 for the year ended March 31, 2005 were made to M. Helyar, R. Le Tocq and N. Wild who are directors of one of our subsidiaries. The payments were made in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $15,488 for the year ended March 31, 2005 were made to Marlee (UK) Ltd. Marlee (UK) Ltd is a director of one of our subsidiaries. The payments were made in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $4,730 for the year ended March 31, 2005 were made to Bernaldo, Mirador and Directo Law Offices. R. Bernaldo is a director of one of our subsidiaries. The payments were made in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Item 8. *Financial Information*

See Item 4, "Information on the Company — Legal Proceedings," Item 18, "Financial Statements," and pages F-1 through F-56. There has been no significant change to the financial statements included in this annual report since the date of such financial statements.

See Item 10, "Additional Information — Key Provisions of our Articles of Association of JHI NV — Dividends."

Item 9. *Listing Details*

Price History

Prior to the restructuring that we completed in October 2001, there was no public market for shares of JHI NV common stock, nor was there a market for JHI NV ADRs. Shares in JHIL, which represented substantially the same operations, assets and liabilities as those of JHI NV prior to our 2001 Reorganization, were traded on the Australian Stock Exchange and over-the-counter as ADRs. One JHIL ADR represented two JHIL shares. After October 19, 2001, our shares were listed on the New York Stock Exchange and one JHI NV ADR represents five JHI NV shares.

JHIL shares were exchanged for JHI NV shares represented by CUFS shares on October 19, 2001. See Item 4, "Information on the Company — History and Development of the Company."

The high and low trading prices of JHI NV CUFS on the Australian Stock Exchange are as follows (Note: Prices listed after October 19, 2001 represent JHI NV CUFS and prices listed prior to October 19, 2001 represent JHIL shares):

	High		Low	
Period	(A$)	(US$)	(A$)	(US$)
Fiscal year ended:				
March 31, 2005	7.23	5.35	4.95	3.66
March 31, 2004	8.04	5.58	5.84	4.05
March 31, 2003	7.06	3.96	5.56	3.12
March 31, 2002	6.77	3.47	4.19	2.15
March 31, 2001	4.65	2.58	3.36	1.87

Period	High (A$)	High (US$)	Low (A$)	Low (US$)
Fiscal quarter ended:				
March 31, 2005	7.23	5.63	5.79	4.49
December 31, 2004	6.77	5.09	5.50	4.13
September 30, 2004	6.30	4.52	4.95	3.55
June 30, 2004	6.88	4.92	5.22	3.73
March 31, 2004	7.02	5.44	6.15	4.77
December 31, 2003	8.04	5.74	6.32	4.51
September 30, 2003	7.80	5.14	6.64	4.38
June 30, 2003	7.20	4.61	5.84	3.74
Month ended:				
May 31, 2005	6.77	5.19	5.51	4.22
April 30, 2005	6.13	4.74	5.49	4.25
March 31, 2005	6.40	5.04	5.79	4.56
February 28, 2005	6.96	5.44	5.88	4.60
January 31, 2005	7.23	5.55	6.48	4.98
December 31, 2004	6.75	5.22	5.66	4.38

The U.S. dollar prices set forth above were calculated using the weighted average exchange rate for the relevant period.

The high and low trading prices of JHI NV ADRs on the New York Stock Exchange after October 19, 2001, the effective date of the 2001 Reorganization, are as follows:

Period	High (US$)	Low (US$)
Fiscal year ended:		
March 31, 2005	27.21	18.10
March 31, 2004	28.50	18.25
March 31, 2003	19.95	15.29
March 31, 2002(1)	17.95	11.10
Fiscal quarter ended:		
March 31, 2005	27.21	22.60
December 31, 2004	26.52	20.50
September 30, 2004	22.26	18.10
June 30, 2004	25.05	18.82
March 31, 2004	27.60	23.60
December 31, 2003	28.50	24.40
September 30, 2003	25.85	22.50
June 30, 2003	23.95	18.25

Period	High (US$)	Low (US$)
Month ended:		
May 31, 2005	25.55	21.54
April 30, 2005	23.50	21.66
March 31, 2005	25.15	22.60
February 28, 2005	26.76	23.30
January 31, 2005	27.21	24.92
December 31, 2004	26.07	21.87

(1) Prior to the 2001 Reorganization, JHIL ADRs traded over-the-counter. Because historically the JHIL ADRs have not been actively traded, complete trading price information is not readily available. However, we believe that the trading price of the JHIL ADRs generally reflect the price of the underlying JHIL shares represented thereby, as well as any transaction costs associated with the ADRs.

During the 12 months ended May 31, 2005, an average of 2,144,107 JHI NV CUFS were traded daily on the Australian Stock Exchange.

During the 12 months ended May 31, 2005, an average of 1,661 JHI NV ADRs were traded daily on the New York Stock Exchange.

Trading Markets

Prior to the restructuring, JHIL shares traded on the Australian Stock Exchange. After the 2001 restructuring, our securities became listed and quoted on the following stock exchanges:

Common Stock (in the form of CUFS)	Australian Stock Exchange
ADRs	New York Stock Exchange

We cannot predict the prices at which our shares and ADRs will trade or the volume of trading for such securities, nor can we assure you that these securities will continue to meet the applicable listing requirements of these exchanges.

Trading on the Australian Stock Exchange

The Australian Stock Exchange is headquartered in Sydney, Australia, with branches located in each Australian state capital. Our CUFS trade on the Australian Stock Exchange under the symbol "JHX." The Australian Stock Exchange is a publicly listed company with trading being undertaken by brokers registered under the Australian Corporations Act 2001. Trading principally takes place between the hours of 10:00 a.m. and 4:00 p.m. on each weekday (excluding Australian public holidays). Settlement of trades in uncertificated securities listed on the Australian Stock Exchange is generally effected electronically on the third business day following the trade. This is undertaken through CHESS (Clearing House Electronic Sub-register System), which is the clearing and settlement system operated by the Australian Stock Exchange.

Trading on the New York Stock Exchange

In the United States, five JHI NV CUFS equal one JHI NV ADR. Our ADRs trade on the New York Stock Exchange under the symbol "JHX." Trading principally takes place between the hours of 9:30 a.m. and 4:00 p.m. on each weekday (excluding U.S. public holidays). All inquiries and correspondence regarding ADRs should be directed to The Bank of New York, depository for our ADRs, at The Bank of New York, ADR Department, 101 Barclay Street #22W, New York, New York 10286 or at its website located at www.adrbny.com or contact: Bank of New York, Investor Relations, P.O. Box 11258, Church Street Station, New York, NY 10286-1258, toll free telephone number for USA domestic callers: 1-888-BNY-ADRs, non-U.S. callers can call: 610-382-7836 or email: shareowners@bankofny.com.

Item 10. *Additional Information*

General

We were originally incorporated in 1998 as a private company with limited liability, or *"besloten vennootschap met beperkte aansprakelijkheid"* (a "B.V."). By notarial deed dated July 24, 2001, we changed our name to James Hardie Industries N.V. and by the same deed we changed our legal form into that of a *"naamloze vennootschap"* (an "N.V."), a public limited liability company under Dutch law. Our Articles of Association were most recently amended on November 5, 2003.

Our corporate seat is in Amsterdam, The Netherlands and we have offices at The Atrium, 8th floor, Strawinskylaan 3077, 1077 ZX Amsterdam, The Netherlands. We are registered at the trade register of the Chamber of Commerce and Industry for Amsterdam, The Netherlands under number 34106455.

Key Provisions of our Articles of Association of JHI NV

Purpose of the Company

Our purposes are:

- to participate in, to take an interest in any other way in and to conduct the management of business enterprises of whatever nature;
- to raise funds through the issuance of debt or equity or in any other way and to finance third parties;
- to provide guarantees, including guarantees for the debts of third parties; and
- to perform all activities which are incidental to or which may be conducive to, or connected with, any of the foregoing.

Provisions of our Articles of Association or Charter Related to Directors

Power to vote when director is materially interested. Pursuant to the Company's Articles of Association, and subject to limited exceptions, a member of the Managing Board who has a material personal interest in a matter that relates to the affairs of the Company must give all other members of the Managing Board notice of his or her interest. Furthermore, subject to limited exceptions, a member of the Managing Board who has a material personal interest in a matter that is being considered at a meeting of the Managing Board may neither be present while the matter is being considered at such meeting nor vote on the matter.

Subject to limited exceptions, a member of the Supervisory Board who has a material personal interest in a matter that relates to the affairs of the Company must give all other members of the Supervisory Board notice of his or her interest. Furthermore, subject to limited exceptions, a member of the Supervisory Board who has a material personal interest in a matter that is being considered at a meeting of the Supervisory Board may neither be present while the matter is being considered at such meeting nor vote on the matter.

If a member of the Managing Board has a conflict of interest with the Company (whether acting in his personal capacity by entering into an agreement with the Company, conducting any litigation against the Company or acting in any other capacity), he or she, will still have the power to represent the Company towards third parties when entering into transactions, unless a person is designated at the General Meeting of Shareholders for that purpose or the law provides the designation in a different manner.

Power to vote compensation. Despite the provisions of our Articles of Association to the contrary, which provisions were adopted prior to more recent superseding legislation, the compensation of the members of the Supervisory Board is determined at the General Meeting of Shareholders.

The remuneration of the members of the Managing Board is determined by the Joint Board within the limits of the remuneration policy adopted at the General Meeting of Shareholders. The Joint Board will submit for approval by the General Meeting of Shareholders a proposal regarding the arrangements for the remuneration of the members of the Managing Board in the form of shares or rights to acquire shares. This proposal includes at least how many shares or rights to acquire shares may be awarded to the Managing Board

and which criteria apply to an award or a modification. The Joint Board consists of all members of the Supervisory Board, the Chief Executive Officer and, if the chairman of the Supervisory Board decides so, one or more other members of the Managing Board, provided that the number of members of the Managing Board being on the Joint Board can never be greater than the number of members of the Supervisory Board. Our Articles of Association do not include any provisions regarding the power of the members of the Managing Board, in the absence of an independent quorum, to vote compensation to themselves or any other members of the Managing Board.

Borrowing Powers. Our Articles of Association do not include any provisions regarding the borrowing powers of members of the Managing Board or the Supervisory Board. However, the provisions regarding conflict of interest generally govern this issue.

Age Limit Requirement for Retirement or Non-Retirement. Our Articles of Association do not include any provisions regarding the mandatory retirement age of a member of the Managing Board or the Supervisory Board.

Number of shares for director's qualification. Our Articles of Association do not impose any obligation on the members of the Managing Board or the Supervisory Board to hold shares in the Company.

Issuance of Shares; Preemptive Rights

Pursuant to Dutch law and our Articles of Association, the authority to issue shares and to grant rights to subscribe for shares, such as options, and to limit or exclude preemptive rights is vested in our shareholders as a group, unless our shareholders have delegated this authority to another corporate body. Such delegation is valid for a maximum period of five years, but may be renewed at any time prior to its expiration.

Our Supervisory Board has been delegated the authority to issue shares and to grant rights to subscribe for shares, such as options, and to limit or exclude preemptive rights for a period expiring on August 15, 2006. After August 15, 2006, shares and rights to subscribe for shares may be issued, and preemptive rights may be limited or excluded by our shareholders or by our Supervisory Board, provided it has again been delegated this authority by our shareholders (such delegation shall be for a maximum period of five years). We plan to ask our shareholders to delegate this authority to our Supervisory Board again prior to the expiration of the period ending on August 15, 2006. It is anticipated that our Supervisory Board will eliminate preemptive rights with respect to any and all issuances of shares of common stock during such period.

Shares of common stock must be issued for a subscription price at least equal to their nominal value and at least 25% of the nominal value must have been paid up at the time of issuance.

As a Dutch company that has listed securities in Australia and the United States, we are subject to applicable legislation regarding insider trading. Generally, Dutch law prohibits anyone, whether or not a director or employee of the issuer, from trading in or bringing about transactions in the securities of the issuer while in possession of inside, non-public information and from passing on inside information or recommending a transaction while in possession of inside information. Under Australian law, persons are prohibited from trading on the basis of undisclosed, price-sensitive information regarding a company's securities. Similarly, in the United States, persons are prohibited from trading on the basis of material, non-public information. We have adopted an internal code on insider trading consistent with Dutch, Australian and U.S. laws and regulations.

Repurchase of Shares

At the proposal of our Joint Board, we may acquire shares in our own capital, subject to certain provisions of Dutch law and of our Articles of Association, if and insofar as (1) shareholders' equity, less the amount to be paid for the shares acquired, is not less than the sum of the paid and called up part of our issued share capital, plus any reserves required to be maintained by Dutch law or our Articles of Association, (2) the aggregate par value of the shares of our capital which we or our subsidiaries acquire, already hold or on which we or they hold a right of pledge, amounts to no more than one-tenth of the aggregate par value of the issued

share capital and (3) our shareholders, as a group, have authorized our Managing Board to acquire such shares. Neither we nor any of our subsidiaries may vote shares that are held by them or us.

At the September 17, 2004 Annual General Meeting, our Managing Board was authorized to cause JHI NV to acquire shares in JHI NV's capital for a period expiring on March 17, 2006. After March 17, 2006, shares in JHI NV's capital may be acquired if our Managing Board has again been authorized to do so by our shareholders (such authorization may be for a maximum period of 18 months). We intend to ask our shareholders in our 2005 Annual General Meeting to renew the authorization of the Managing Board to cause JHI NV to acquire shares in JHI NV's capital, such on terms substantially identical as the September 17, 2004 authorization.

Reduction of Share Capital

Upon the proposal of our Joint Board, our shareholders as a group have the power to effect a reduction of share capital by deciding to (i) cancel shares, or depositary receipts related to shares, acquired by us in our own share capital, or (ii) to reduce the nominal value of our shares, subject to applicable statutory provisions, with or without a partial repayment or release. In case of a partial repayment or release, these must be made *pro rata* to all shares. The *pro rata* requirements may be waived by agreement of all shareholders concerned.

Shareholders Meetings and Voting Rights

Each shareholder, person entitled to vote and CUFS holder (but not an ADR holder) has the right to attend general meetings of shareholders, either in person or by proxy, to address shareholder meetings and, in the case of shareholders and other persons entitled to vote (for instance, certain pledge holders), to exercise voting rights, subject to the provisions of our Articles of Association. Meetings of shareholders are held in The Netherlands at least annually, within six months after the close of each of our fiscal years. These meetings take place in either Amsterdam, The Hague, Rotterdam or Haarlemmermeer. Additional meetings of shareholders may be held as often as our Joint Board, our Managing Board or our Supervisory Board deems necessary or upon the call of (1) holders of shares of common stock jointly representing at least 5% of our issued share capital, (2) at least 100 holders of shares of common stock or one shareholder representing at least 100 CUFS holders or any relevant combination thereof so that the request of at least 100 persons is taken into account or (3) any one member of either the Managing, Joint or Supervisory Boards. Our Articles of Association also provide that an information meeting of shareholders must be undertaken prior to each general meeting, which must be held in Australia.

We give notice of each meeting of shareholders by mail and by way of an announcement in a nationally distributed newspaper in The Netherlands. Such notice is given no later than the 28th day prior to the day of the meeting and includes or is accompanied by an agenda identifying the business to be considered at the meeting. We currently are exempt from the proxy rules under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). Holders of shares of common stock represented by CUFS are provided notice of general meetings of shareholders and other communications with shareholders by us, and the ADR depositary, The Bank of New York, provides our ADR holders with such notices and communications. CHESS Depositary Nominees Pty Ltd ("CDN"), or we on behalf of CDN, may deliver to CUFS holders instruction forms allowing the CUFS holders to instruct CDN how to vote at a meeting. Similarly, the ADR depositary may deliver to ADR holders instruction forms allowing the ADR holders to direct the ADR depositary on how to instruct CDN to vote at a meeting. In order for CUFS holders to attend general meetings of shareholders in person, such holders need not withdraw the shares of common stock represented by the CUFS, but must follow such rules and procedures as may be established by the CUFS Subregistrar and our share registry. CUFS holders may request CDN to appoint them as proxy for the purposes of voting the shares underlying their holding of CUFS on behalf of CDN. In order for ADR holders to attend general meetings of shareholders in person, such holders will have to convert their ADRs into CUFS and, in doing so, must follow the procedures set forth in the deposit agreement and such rules and procedures as may be established by the ADR depositary.

Each share of common stock entitles the holder thereof to one vote on each matter to be voted upon by the shareholders. Holders of CUFS will be entitled to attend and to speak, but not vote, at our shareholders meetings. A CUFS holder may follow instructions set out in a relevant Notice of Meeting to have the registered shareholder, CDN, appoint the CUFS holder as a proxy of CDN to vote their CUFS holding at the relevant meeting of shareholders. Holders of ADRs are not entitled to attend or speak, nor vote, at our general meetings of shareholders.

Unless otherwise required by our Articles of Association or Dutch law, resolutions of the general meeting of shareholders will be validly adopted by an absolute majority of the votes cast at a meeting at which at least 5% of our issued share capital is present or represented. Except where expressly stated otherwise in this Form 20-F, all references here and elsewhere herein to actions by the shareholders, or shareholders as a group, are references to actions taken by way of such a resolution at a meeting of shareholders.

Dutch law and our Articles of Association currently do not impose any limitations on the rights of persons who are not resident of The Netherlands to hold or vote shares of common stock, solely as a result of such non-resident status.

Annual Report

Our fiscal year runs from April 1 through March 31. Dutch law requires that within five months after the end of our fiscal year, unless the general meeting of shareholders has extended this period for a maximum of six months, our Managing Board must make available to our shareholders a report with respect to that fiscal year. This report must include the financial statements and a report of an independent accountant. The annual report must be submitted to the shareholders for adoption. The annual report, including the management report, is prepared in English and, in the case of the consolidated accounts of JHI NV and its wholly owned subsidiaries, according to U.S. GAAP, and in the case of JHI NV's accounts, according to accounting principles generally accepted in The Netherlands ("Dutch GAAP").

Indemnification

Our Articles of Association provide that we shall generally indemnify any person who is or was a member of our Managing, Supervisory or Joint Boards or one of our employees, officers or agents, and who suffers any loss as a result of any action in connection with their service to us, provided they acted in good faith in carrying out their duties and in a manner they reasonably believed to be in our interest. This indemnification generally will not be available if the person seeking indemnification acted with gross negligence or willful misconduct in the performance of such person's duties to us. A court in which an action is brought may, however, determine that indemnification is appropriate nonetheless.

Dividends

All calculations to determine the amounts available for dividends or other distributions are based on our statutory accounts, which are, as a holding company, different from our consolidated accounts and which are prepared in accordance with Dutch GAAP because we are a Dutch company. Because we are a holding company and have limited operations of our own, we are largely dependent on dividends or other distributions from our subsidiaries to fund any cash dividends.

The profits of JHI NV in any financial year, if any, shall first be retained by way of a reserve in such amount as determined by our Supervisory Board. The remaining portion of the profits shall be at the disposal of our Joint Board for further allocation to our reserves or, if permitted by Dutch law and our Articles of Association, be made available for distribution as a dividend to the holders of shares of common stock, or a combination thereof. Our Joint Board may also declare interim dividends as permitted by Dutch law and our Articles of Association.

We may not make any distribution, whether out of our profits as an interim dividend, out of our general share premium reserve or out of any other reserves that are available for shareholder distributions under Dutch law, if the distribution would reduce shareholders' equity to an amount less than the sum of the paid and called

up part of our issued share capital, plus certain reserves that are required to be maintained by Dutch law and our Articles of Association. Distributions may, at the discretion of our Joint Board, be made in cash or in shares or other securities, such as a stock dividend, provided that our shareholders as a group are authorized to make distributions in shares or other securities, if and so long as our Supervisory Board has not been delegated the authority to issue shares and rights to subscribe for shares. See "Issuance of Shares; Preemptive Rights."

Cash dividends and other distributions that have not been collected within five years and two days after the date on which they became due and payable will revert to us.

JHIL historically paid dividends to its shareholders. JHI NV's Joint Board determines whether to declare a dividend and the amount of any such dividend. The Joint Board also determines the record dates at which time registered holders of our shares, including the CHESS Depositary Nominee issuing CUFS to the ADR depositary, will be entitled to dividends and sets the payment dates. Dividends are declared payable to our shareholders in U.S. dollars. The ADR Depositary (Bank of New York) receives dividends in U.S. dollars directly from JHI NV on each CUFS dividend payment date and will distribute any dividend to holders of ADRs in U.S. dollars pursuant to the terms of the deposit agreement. Other CUFS holders registered at a dividend record date are paid their dividend on each CUFS dividend payment date in the equivalent amount of Australian dollars, as determined by the prevailing exchange rate shortly after the CUFS dividend record date.

Amendment of Articles of Association

Our Articles of Association may be amended by our shareholders by resolution approved by 75% of the votes cast at a general meeting of shareholders at which at least 5% of our issued share capital is present or represented.

Liquidation Rights

In the event of our dissolution and liquidation, and after we have paid all debts and liquidation expenses, all assets available for distribution shall be distributed to our holders of shares of common stock *pro rata* based on the nominal amount paid upon the shares of common stock held by such holders. As a holding company, our sole material assets are the capital stock of our subsidiaries. Therefore, in the event of a dissolution or liquidation, we will either distribute the capital stock of our subsidiaries or sell such stock and distribute the net proceeds thereof, or liquidate such subsidiaries and distribute the net proceeds thereof, after satisfying our liabilities.

Limitations on Right to Hold Common Stock

Subject to certain exceptions, our Articles of Association prohibit the holding of shares of our common stock if, because of an acquisition of a relevant interest (including in the form of shares of our common stock, CUFS or ADRs) in such shares: (1) the number of shares of our common stock in which any person, directly or indirectly, acquires or holds a relevant interest increases from 20% or below to over 20% or from a starting point that is above 20% and below 90% of the issued and outstanding share capital of JHI NV or (2) the voting rights which any person, directly or indirectly, is entitled to exercise at a general meeting of shareholders increase from 20% or below to over 20% or from a starting point that is above 20% and below 90% of the total number of such voting rights which may be exercised by any person at a general meeting of shareholders. The purpose of this prohibition is to ensure that the principles which underpin the Australian Corporations Act 2001 takeover regime are complied with in a change of control, namely that: (1) the acquisition of control over the Company takes place in an efficient, competitive and informed market; (2) the holders of the shares of our common stock or CUFS and our Managing Board, Joint Board and Supervisory Board know the identity of any person who proposes to acquire a substantial interest in the Company, have a reasonable time to consider the proposal, and are given enough information to enable them to assess the merits of the proposal and (3) as far as practicable, the holders of the shares of our common stock or CUFS *inter alia* all have a reasonable and equal opportunity to participate in any benefits accruing to the holders through any

proposal under which a person would acquire a substantial interest in the Company. The exceptions to this prohibition set forth in our Articles of Association generally include:

- acquisitions that result from acceptances under a takeover bid, which complies with the Articles of Association, including the principles set forth above;
- acquisitions which result in a person's voting power increasing by not more than 3% in a six-month period;
- acquisitions which are consistent with the principles set forth above, conform to the other takeover principles set out in the Articles of Association (adjusting those principles as appropriate to meet the particular circumstances of the acquisitions) and have received the prior approval of the Supervisory Board; and
- acquisitions approved at a general meeting of shareholders, subject to certain requirements being satisfied in relation to voting and the provision of information.

The prohibition does not apply to holdings by the CUFS depositary, CDN, of our shares as custodian for the CUFS holders but will apply to CDN where another person holds a relevant interest thereby constituting a breach of the provisions. If a person has a relevant interest that constitutes a breach of the prohibition, JHI NV has several powers available to it under our Articles of Association. These include powers to require the disposal of our common stock, disregard the exercise of votes and suspend dividend rights. These powers will only extend to that number of shares of common stock which result in the prohibition being breached.

The Supervisory Board may cause JHI NV to exercise these powers if JHI NV has first obtained a judgment from a court of competent jurisdiction that a breach of the prohibition has occurred and is continuing. Alternatively, these powers may also be exercised without having recourse to the courts if certain procedures in relation to obtaining legal advice are followed. Our right to exercise these powers by complying with these procedures must be renewed by shareholder approval every five years or such powers will lapse. If renewed, confirmation of this renewal must be made by lodgement of a declaration by the Joint Board with the relevant authority in accordance with Dutch law.

Furthermore, if JHI NV becomes subject to the law of any jurisdiction, which applies so as to regulate the acquisition of control and the conduct of any takeover of the Company, JHI NV shall consult promptly with the ASX to determine whether, in the light of the application of such law:

(i) ASX requires an amendment to the takeover provisions in our Articles of Association to comply with the ASX Listing Rules as then in force; or

(ii) any waiver of the ASX Listing Rules permitting the inclusion of the takeovers provisions has ceased to have effect.

In either case, the Managing Board shall put to a general meeting of shareholders a proposal to amend our Articles of Association so as to make them, to the fullest extent permitted by law, consistent with the ASX Listing Rules.

Although these provisions of our Articles of Association may help to ensure that no person may acquire voting control of us without making an offer to all shareholders, these provisions may also have the effect of delaying or preventing a change in control of the Company.

Disclosure of Holdings

Holders of shares of our common stock, including those shares represented by CUFS or ADRs, may become subject to notification obligations under the Dutch 1995 Act on the Supervision of the Securities Trade (*Wet toezicht effectenverkeer* 1995, the "Dutch Securities Act"). Those obligations are summarized below. You are advised to consult your own legal advisers to determine whether the obligations apply to you.

Under the Dutch Securities Act, certain persons must notify the Netherlands Authority for the Financial Markets (the "AFM") or *"Stichting Autoriteit Financiele Markten"* of any transaction in our shares of our

common stock, CUFS, ADRs or ADSs or related securities. Notification must be made within 10 days of the end of the calendar month in which the transaction was made, using a form that can be obtained from the AFM (P.O. Box 11723, 1001 GS Amsterdam, The Netherlands, telephone +31 (20) 553 52 00). The AFM keeps a public register of all notifications received.

Persons who must notify the AFM of transactions in our shares, ADRs or related securities include:

- persons who directly or indirectly hold more than 25% of JHI NV's outstanding share capital;
- managing and supervisory directors of such greater than 25% shareholders; and
- the spouses of the persons referred to above, relations by blood or affinity to the first degree and other persons who share a household with these persons, and relations by blood or affinity to the first degree who do not share a household with these persons but hold at least 5% of our shares or will obtain this percentage through the transaction.

In case of non-observance of the notification obligations of the Dutch Securities Act, criminal (including fines and imprisonment) or administrative sanctions (including fines) may be imposed.

Further pursuant to our Articles of Association, shareholders are required to notify us of acquisitions of 5% or more of our outstanding securities and of any further change of 1% or more of our outstanding securities. In addition, pursuant to our Articles of Association, we have the power to require our shareholders and CUFS holders to provide to us information about the identity of persons who have relevant interests in our securities and the details of that interest. These provisions are intended to mirror the tracing of beneficial ownership provisions of the Australian Corporations Act 2001, which would not have applied statutorily to us as a Dutch company absent a specific provision in our Articles of Association.

Finally, shareholders are subject to beneficial ownership reporting disclosure requirements under U.S. securities laws, including the filing of beneficial ownership reports on Schedules 13D and 13G with the SEC. The SEC's rules require all persons who beneficially own more than 5% of a class of securities registered with the SEC to file either a Schedule 13D or 13G. This filing requirement applies to all holders of our shares of common stock, ADRs or CUFS because our securities have been registered with the SEC. The number of shares of common stock underlying ADRs and CUFS is used to determine whether a person beneficially owns more than 5% of the class of securities. This beneficial ownership-reporting requirement applies whether or not the holders are U.S. residents. The decision of whether to file a Schedule 13D or a Schedule 13G will depend primarily on the nature of the beneficial owner and the circumstances surrounding the person's beneficial ownership. A copy of the rules and regulations relating to the reporting of beneficial ownership with the SEC, as well as Schedules 13D and 13G, are available on the SEC's website at *www.sec.gov*.

Material Contracts

Notes. In November 1998, we issued $225.0 million of noncollateralized notes as part of a seven-tranche private placement facility. Principal repayments are due in seven installments on specified dates that commenced on November 5, 2004 and end on November 5, 2013. The tranches bear fixed interest rates of 6.86%, 6.92%, 6.99%, 7.05%, 7.12%, 7.24% and 7.42%, respectively. Interest is payable on May 5, and November 5, each year. The first tranche of $17.6 million was repaid in November 2004. The notes are issued by James Hardie International Finance B.V. ("JHIF BV") and JHI NV guarantees the principal and interest of the notes. Effective December 23, 2002, the note purchase agreement was amended to, among other matters, modify certain covenants in connection with the sale of our Gypsum business in April 2002, and, in connection with this amendment, we prepaid $60.0 million in principal amount of the notes. As a result of the early retirement, we incurred a $9.9 million make-whole payment charge which was charged to interest expense during the year ended March 31, 2003.

Revolving Loan Facility. Under the Revolving Loan Agreements among JHIF BV as borrower, JHI NV as guarantor, and James Hardie N.V. and James Hardie U.S. Funding Inc., as retiring guarantors, and certain lenders thereto, we have an Australian dollar-denominated noncollateralized revolving loan facility

providing for borrowings up to A$200.0 million ($154.5 million) that can be repaid and redrawn until maturity in November 2006. Interest is recalculated at the commencement of each drawdown period based on the US$ LIBOR or the average Australian bank bill rate plus the margins of individual lenders. During the year ended March 31, 2005, we paid $0.5 million in commitment fees. As of March 31, 2005, there was $154.5 million (A$200.0 million) available under this revolving loan facility. This loan facility was novated to the current parties on December 16, 2002. We anticipate that this facility will be terminated and replaced with our new revolving U.S. dollar cash advance facilities in July 2005.

Stand-by Loan Facility. Under the 364 Day Standby Loan Agreements among JHIF BV, as borrower, JHI NV as guarantor, and James Hardie Australia Investco Pty Limited, James Hardie N.V. and James Hardie U.S. Funding Inc., as retiring guarantors, and certain lenders thereto, we have short-term noncollateralized stand-by loan facilities that allow us to borrow up to $132.5 million. At March 31, 2005, five out of six loan facilities or $117.5 million had a maturity date of April 30, 2005 and the sixth facility or $15.0 million had a maturity date of October 30, 2005. At March 31, 2005, we had not drawn down any of these facilities. Interest is recalculated at the commencement of each draw-down period based on either the US$ LIBOR or the average A$ bank bill bid rate plus the margins of the individual lenders and is payable at the end of each draw-down period. During the year ended March 31, 2005, we paid $0.3 million in commitment fees. JHI NV guarantees the principal and interest under the standby loans. This loan facility was novated to the current parties on December 16, 2002. We anticipate that this facility will be terminated and replaced with our new revolving U.S. dollar cash advance facilities in July 2005.

U.S. Dollar Cash Advance Facilities. In June 2005, we entered into new unsecured debt facilities totaling $355 million. The new debt facilities are revolving U.S. dollar cash advance facilities involving agreements with six banks. Subject to the satisfaction of customary closing conditions, these new facilities will replace our previous revolving and stand-by loan facilities. Each of the new facilities is for an initial term of 364 days. Upon satisfaction of certain conditions, including shareholder approval of our proposed voluntary long-term funding arrangement for proven asbestos claims against certain former Australian subsidiary companies, two-thirds of the aggregate facilities will convert to a term of five years from signing date and one-third will remain as extendable 364-day facilities. The interest rate for each facility is US$ LIBOR plus a margin.

Exchange Controls

There are no legislative or other legal provisions currently in force in The Netherlands or arising under our Articles of Association restricting the import of export of capital, including the availability of cash and cash equivalents for use by JHI NV and its wholly-owned subsidiaries, or remittances to our security holders not resident in The Netherlands. Cash dividends payable in U.S. dollars on our common stock may be officially transferred from The Netherlands and converted into any other convertible currency.

There are no limitations, either by Dutch law or in our Articles of Association, on the right of non-residents of The Netherlands to hold or vote our common stock.

Taxation

The following summarizes the material Dutch and U.S. tax consequences of an investment in shares of our common stock. This summary does not address every aspect of taxation relevant to a particular investor subject to special treatment under any applicable law, and is not intended to apply in all respects to all categories of investors. In addition, except for the matters discussed under "Netherlands Taxation," this summary does not consider the effect of other foreign tax laws or any state, local or other tax laws that may apply to an investment in shares of our common stock. This summary assumes that we will conduct our business in the manner described in this annual report. Changes in our organizational structure or the manner in which we conduct our business may invalidate all or parts of this summary. The laws on which this summary is based could change, perhaps with retroactive effect, and any law changes could invalidate all or parts of this summary. We will not update this summary for any law changes after the date of this annual report.

This discussion does not bind either the U.S. or Dutch tax authorities, or the courts of those jurisdictions. Except as previously noted, we have not sought a ruling nor will we seek a ruling of the U.S. or Dutch tax agencies about matters in this summary. We cannot assure you that such tax agencies will concur with the views in this summary concerning the tax consequences of the purchase, ownership or disposition of our common stock, or that any reviewing judicial body in the United States or The Netherlands would likewise concur.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THEIR ACQUIRING, OWNING AND DISPOSING OF OUR COMMON SHARES, INCLUDING THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAXES.

United States Taxation

The following is a summary of the material U.S. federal income tax consequences generally applicable to "U.S. Shareholders" (as defined below) who invest in shares of our common stock and hold the shares as capital assets. For purposes of this summary, "U.S. Shareholders" means: (1) citizens or residents of the United States (as defined for U.S. federal income tax purposes); (2) corporations created or organized in or under the laws of the United States or any of its political subdivisions; (3) estates whose income is subject to U.S. federal income taxation regardless of its source and (4) trusts if (i) a court in the United States can exercise primary supervision over the administration of the trust and (ii) one or more U.S. persons can control all of the substantial decisions of the trust.

This summary does not comprehensively describe all possible tax issues that could influence a current or prospective U.S. Shareholder's decision to buy or sell shares of our common stock. In particular, this summary does not discuss: (1) the tax treatment of special classes of U.S. Shareholders, such as financial institutions, life insurance companies, tax exempt organizations, tax-qualified employer plans and other tax-qualified or qualified accounts, investors liable for the alternative minimum tax, dealers in securities, shareholders who hold shares of our common stock as part of a hedge, straddle, or other risk reduction arrangement, or shareholders whose functional currency is not the U.S. dollar; (2) the tax treatment of U.S. Shareholders who own (directly or indirectly by attribution through certain related parties) 10% or more of our voting stock and (3) the application of other U.S. federal taxes, such as the U.S. federal estate tax. The summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, judicial decisions and administrative rulings and practice, all as of the date of this annual report.

Treatment of ADRs. For U.S. federal income tax purposes, a holder of an ADR is considered the owner of the shares of stock represented by the ADR. Accordingly, except as otherwise noted, references in this summary to ownership of shares of our common stock includes ownership of the shares of our common stock underlying the corresponding ADRs.

Taxation of Distributions. The tax treatment of a distribution on shares of our common stock held by a U.S. Shareholder depends on whether such distribution is from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution is from our current or accumulated earnings and profits, a U.S. Shareholder will include such amount in gross income as a dividend. To the extent a distribution exceeds our current and accumulated earnings and profits, a U.S. Shareholder will treat such amount first as a non-taxable return of capital to the extent of the U.S. Shareholder's tax basis in such shares, and any excess amount will be treated and taxed as a capital gain. See the discussion of "Capital Gains Rates" below. Notwithstanding the foregoing described treatment, we do not intend to maintain calculations of our current and accumulated earnings and profits. Dividends received on shares of our common stock will not qualify for the inter-corporate dividends received deduction.

Distributions to U.S. Shareholders that are treated as dividends may be subject to a reduced rate of tax under recently enacted U.S. tax laws. For tax years beginning after December 31, 2002 and before January 1, 2009, "qualified dividend income" is subject to a maximum tax rate of 15%. "Qualified dividend income" includes dividends received from a "qualified foreign corporation." A "qualified foreign corporation" includes (1) a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the

U.S. that contains an exchange of information program and (2) a foreign corporation that pays dividends with respect to shares of its stock that are readily tradable on an established securities market in the U.S. We believe that we are, and will continue to be, a "qualified foreign corporation" and that dividends we pay with respect to our shares will qualify as "qualified dividend income." To be eligible for the 15% tax rate, a U.S. Shareholder must hold our shares un-hedged for a minimum holding period (generally, 61 days during the 121-day period beginning on the date that is 60 days before the ex-dividend date of the distribution). Although we believe we presently are, and will continue to be, a "qualified foreign corporation," we cannot guarantee that we will so qualify. For example, we will not constitute a "qualified foreign corporation" if we are classified as a (1) a "passive foreign investment company" (discussed below) in either the taxable year of the distribution or the preceding tax year or (2) a "foreign investment company" or a "foreign personal holding company" (each discussed below) in either the taxable year of the distribution or the preceding tax year, but only for our tax years beginning before January 1, 2005.

Distributions to U.S. Shareholders that are treated as dividends are generally considered income from sources outside the United States and foreign source "passive" income for foreign tax credit purposes. However, if U.S. persons own, directly or indirectly, 50% or more of our shares of common stock, then a portion of the dividends (based on the proportion of our income that is from U.S. sources) may be treated as sourced within the U.S. This 50% ownership rule could potentially limit a U.S shareholder's ability to use foreign tax credits against the shareholder's U.S. tax liability. In addition, special rules will apply to determine a U.S. Shareholder's foreign tax credit limitation if a dividend distributed with respect to our shares constitutes "qualified dividend income" (as described above). See the discussion of "Credit of Foreign Taxes Withheld" below.

Any amounts of foreign currency we distribute on shares of our common stock generally will equal the fair market value in U.S. dollars of such foreign currency on the date of receipt. A U.S. Shareholder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt, and will recognize gain or loss when it sells or exchanges the foreign currency. Such gain or loss is taxable as ordinary income or loss from U.S. sources. U.S. Shareholders who are individuals will not recognize gain upon selling or exchanging foreign currency if the gain does not exceed $200 and the sale or exchange constitutes a "personal transaction" under the Internal Revenue Code. The amount of any property other than money that we distribute with respect to shares of our common stock will equal its fair market value on the date of distribution.

Credit of Foreign Taxes Withheld. Under certain conditions, including a requirement to hold shares of our common stock un-hedged for a certain period, and subject to limitation, a U.S. Shareholder may claim a credit against the U.S. shareholder's federal income tax liability for the foreign tax owed and withheld or paid with respect to taxable dividends on its shares. Alternatively, a U.S. Shareholder may deduct the amount of withheld foreign taxes, but only for a year for which the U.S. Shareholder elects to deduct all foreign income taxes. Complex rules determine how and when the foreign tax credit applies, and U.S. Shareholders should consult their tax advisors to determine whether and to what extent they may claim foreign tax credits.

Under certain conditions, we may retain a portion of Netherlands taxes we withhold from dividends paid to our shareholders, rather than pay that portion of the withheld taxes to The Netherlands Tax Administration. Uncertainty exists whether a U.S. Shareholder can properly claim as a foreign tax credit any Netherlands withholding taxes we retain. As a result, U.S. Shareholders should consult their tax advisors regarding their ability to do so. If unable to claim a foreign tax credit for those tax amounts, a U.S. shareholder still may deduct them for U.S. federal income tax purposes, but only for a year for which the U.S. Shareholder elects to deduct all foreign income taxes. The conditions under which we could retain Netherlands withholding taxes are unlikely to occur, but upon request, we will inform U.S. Shareholders whether we retained any Dutch tax withheld from distributions on shares of our common stock.

Sale or Other Disposition of Shares. A U.S. Shareholder will recognize capital gain or loss on the sale or other taxable disposition of shares of our common stock, equal to the difference between the U.S. Shareholder's adjusted tax basis in the shares sold or disposed of and the amount realized on the sale or disposition. Individual U.S. Shareholders may benefit from lower marginal tax rates on capital gains recognized on shares sold, depending on the U.S. Shareholder's holding period of the shares. See the

discussion of "Capital Gains Rates" below. Capital losses not offset by capital gains are subject to limitations on deductibility. The gain or loss from the sale or other disposition of shares of our common stock generally will be treated as income from sources within the United States for foreign tax credit purposes, unless the U.S. Shareholder is a U.S. citizen residing outside the United States and certain other conditions are met.

Capital Gains Rates. For individual U.S. Shareholders, the tax rates applicable to capital gain and ordinary income may vary substantially. For calendar year 2004, the highest marginal income tax rate that could apply to the ordinary income of an individual U.S. Shareholder (disregarding the effect of limitations on deductions) is 35%. In contrast, a maximum rate of 15% applies to any net capital gain of an individual U.S. Shareholder if such gain is attributable to the sale or exchange of capital assets held more than one year. Gain attributable to the sale or exchange of capital assets held one year or less is short-term capital gain, taxable at the same rates as ordinary income. In addition, a maximum rate of 15% applies to "qualified dividend income" (as described above).

Controlled Foreign Corporation Status. If more than 50% of the voting power of all classes of our stock or the total value of our stock is owned, directly or indirectly, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom owns 10% or more of the total combined voting power of all classes of our stock entitled to vote or the total value of our stock ("10-Percent Shareholder"), we could be treated as a "controlled foreign corporation" ("CFC") under Subpart F of the Code. This classification would, among other consequences, require 10-Percent Shareholders to include in their gross income, their pro rata share of our "Subpart F income" (as specifically defined by the Code) and our earnings invested in U.S. property (as specifically defined by the Code).

In addition, gain from the sale or exchange of our common shares by a U.S. person who is or was a United States shareholder (as defined in the Code) at any time during the five-year period ending with the sale or exchange is treated as dividend income to the extent of earnings and profits of the company attributable to the stock sold or exchanged. Under certain circumstances, a corporate shareholder that directly owns 10% or more of our voting shares may be entitled to an indirect foreign tax credit for amounts characterized as dividends under the Code.

If we were classified as both a Passive Foreign Investment Company, as described below, and a CFC, generally we would not be treated as a Passive Foreign Investment Company ("PFIC") with respect to 10-Percent Shareholders. We believe that we are not, nor will we become, a CFC.

Passive Foreign Investment Company Status. Special U.S. federal income tax rules apply to U.S. Shareholders owning capital stock of a PFIC. A foreign corporation will be a PFIC for any taxable year in which 75% or more of its gross income is passive income or in which 50% or more of the average value of its assets are considered "passive assets" (generally assets that generate passive income or assets held for the production of passive income). For these purposes, passive income generally excludes interest, dividends or royalties from related parties.

If we were a PFIC, each U.S. Shareholder would likely face increased tax liabilities (possibly including an interest charge) upon the sale or other disposition of shares of our common stock or upon receipt of "excess distributions," unless the U.S. Shareholder elects (1) to be taxed currently on its *pro rata* portion of our income, regardless of whether such income was distributed in the form of dividends or otherwise, or (2) to mark its shares to market by accounting for any difference between such shares' fair market value and adjusted basis at the end of the taxable year by either an inclusion in income or a deduction from income. Because of the manner in which we operate our business, we are not, nor do we expect to become, a PFIC.

Foreign Personal Holding Company Status. For our tax years beginning before January 1, 2005, special U.S. federal income tax rules apply to U.S. Shareholders owning shares of a "foreign personal holding company" (a "FPHC"). A foreign corporation will be a FPHC if (1) at any time during its taxable year, five or fewer individuals who are U.S. citizens or residents own (directly or indirectly by attribution through certain related parties) more than 50% of the corporation's capital stock (by either voting power or value) (the "Shareholder Test") and (2) the corporation derives at least 60% of its gross income (reduced to at least

50% after the initial year of qualification under certain circumstances), as adjusted, for the taxable year from certain passive sources (the "Income Test"). We and certain of our subsidiaries meet and will likely continue to meet the Income Test, because most of our income derives from interest or dividends. However, we will fail the Shareholder Test, because U.S. citizens or residents do not own more than 50% of the shares of our common stock. Therefore, neither we nor any of our subsidiaries are a FPHC for U.S. federal income tax purposes.

If we or any of our subsidiaries were a FPHC, U.S. Shareholders (including certain indirect holders) would be required to include in gross income, as a dividend, their *pro rata* share of the undistributed taxable income (as specifically adjusted) of the FPHC, if they were holders on the last day of our taxable year (or, if earlier, the last day on which the FPHC satisfies the Shareholder Test), but such *pro rata* share would increase their basis in their shares by a corresponding amount. In addition, if we or any of our subsidiaries were to become a FPHC, U.S. persons who acquire shares of our common stock from decedents would not receive a "stepped-up" basis in such shares. Instead, such holders would have a tax basis in such shares equal to the lesser of the decedent's basis or fair market value. These special rules regarding foreign personal holding companies were recently repealed by the American Jobs Creation Act of 2004 (the "Act") and these rules do not apply to our tax years beginning after December 31, 2004.

Foreign Investment Company Status. As described above, dividends we pay on our stock after December 31, 2002 are subject to a tax rate of no more than 15%, provided we are a "qualified foreign corporation" and the required un-hedged holding period is satisfied. We will not qualify for that status if, among other reasons, we are a "foreign investment company" in either the taxable year of the distribution or the preceding tax year. A foreign investment company is a foreign corporation that is (i) registered under the Investment Company Act of 1940 as a management company or as a unit investment trust or (ii) engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or derivative positions in securities or commodities, at a time when U.S. persons directly, indirectly, or constructively own more than 50% of either its total voting power or total stock value. Because of the manner in which we operate our business, we are not, nor do we expect to become, a foreign investment company. These special rules regarding foreign investment companies were recently repealed by the Act, and these rules do not apply to our tax years beginning after December 31, 2004.

U.S. Federal Income Tax Provisions Applicable to Non-United States Holders. Holders of shares of our common stock who are not U.S. Shareholders ("Non-U.S. Shareholders") generally will not be subject to U.S. federal income taxes, including U.S. withholding taxes, on any gain realized on a sale, exchange or other disposition of the shares unless (1) such gain is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States or (2) in the case of gain realized by a Non-U.S. Shareholder who is an individual, the Non-U.S. Shareholder is present in the United States for 183 days or more in the taxable year in which the sale or other disposition occurs and certain other conditions are met. A Non-U.S. Shareholder generally will not be subject to U.S. federal income or withholding tax on dividends received with respect to shares of our common stock, unless such income is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States.

U.S. Information Reporting and Backup Withholding. Dividend payments on shares of our common stock and proceeds from the sale, exchange, or redemption of shares of our common stock may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a current rate of 30%. Backup withholding will not apply to a shareholder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification or who is otherwise exempt from backup withholding. U.S. persons who are required to establish their exempt status generally must provide such certification on a properly completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification). Non-U.S. shareholders generally will not be subject to U.S. information reporting or backup withholding. However, such shareholders may be required to provide certification of non-U.S. status in connection with payments received in the United States or through certain U.S.-related financial intermediaries.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a shareholder's U.S. federal income tax liability, and a shareholder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

Netherlands Taxation

The following is a summary of the material Dutch tax consequences generally applicable to an investment in shares of our common stock by a beneficial owner who is neither a citizen, resident nor deemed resident of The Netherlands. This summary does not comprehensively describe all possible tax issues that could influence a prospective shareholder's decision to acquire shares of our common stock. For example, this summary omits from discussion Netherlands' gift, estate and inheritance taxes. The summary is based on the Dutch tax legislation, published case law and other applicable regulations as at the date of this annual report, any of which may change possibly with retroactive effect.

Treatment of ADRs. In general, for Netherlands tax purposes, an owner of depositary receipts is considered the owner of the shares of stock represented by depositary receipts. Accordingly, except as otherwise noted, references in this section of the annual report to ownership of shares of our common stock includes ownership of the shares underlying the corresponding ADRs.

Dutch Dividend Withholding Tax. The Netherlands imposes a 25% withholding tax on amounts we distribute as dividends. The term "dividends" for this purpose includes, but is not limited to:

(1) direct or indirect distributions in cash or in kind, deemed or constructive distributions, and repayments of additional paid-in capital not recognized as such for Netherlands dividend withholding tax purposes;

(2) liquidation proceeds, proceeds of redemption of shares of common stock or, generally, except if a certain specific exemption applies, consideration paid by us for the repurchase of shares of common stock in excess of the average paid-in capital recognized for Netherlands dividend withholding tax purposes;

(3) the par value of shares of common stock issued to a holder of shares of common stock or an increase of the par value of shares of common stock, as the case may be, to the extent that no contribution to capital, recognized for Netherlands dividend withholding tax purposes, was made or will be made; and

(4) the partial repayment of paid-in capital, recognized for Netherlands dividend withholding tax purposes, if and to the extent that there are net profits *("zuivere winst")* for dividend withholding tax purposes, unless the general meeting of our shareholders has previously resolved to make such repayment and provided that the par value of the shares of common stock concerned has been reduced by a corresponding amount by changing our Articles of Association. As a result of contributions in kind (i.e., in shares) to our paid-in capital made prior to the listing of our common shares, a portion of such paid-in capital may not be recognized for Dutch dividend withholding tax purposes.

If a double taxation convention is in effect between The Netherlands and the country of residence of a non-resident shareholder and depending on the terms of that double taxation convention, such non-resident shareholder may be eligible for a full or partial exemption from, or refund of, Dutch dividend withholding tax.

Under the U.S.-NL Treaty, dividends that we pay to citizens and residents of the United States who are the beneficial owners of shares of our common stock (other than an exempt organization or exempt pension organization) are generally eligible for a reduction of the 25% Netherlands withholding tax to 15%, or in the case of certain U.S. corporate shareholders owning directly at least 10% of our voting power, 5%, unless the shares of common stock held by such residents form part of the business property of a business carried on through a permanent establishment in The Netherlands. The same exception applies if the beneficial owner of the shares, being a citizen or resident of the United States, performs independent personal services from a fixed base situated in The Netherlands and the holding of the shares of common stock in respect of which the dividends are paid pertains to such fixed base in The Netherlands. The U.S.-NL Treaty also exempts from tax

dividends we pay to exempt pension organizations and exempt organizations, as defined under the treaty. A shareholder of our common stock, other than an individual, will be ineligible for the benefits of the U.S.-NL Treaty unless the shareholder satisfies certain tests under the limitation on benefits provisions of Article 26 of the U.S.-NL Treaty. To prevent so-called dividend stripping, Netherlands law generally denies the treaty benefit of a reduced dividend withholding tax rate for any dividend paid to a recipient who is not the "beneficial owner" of the dividend.

To claim the reduced withholding tax rate on portfolio dividends under the U.S.-NL Treaty, a shareholder of our common stock (other than an exempt organization or exempt pension organization) must give us in duplicate a signed Form IB 92 USA before payment of the dividend. The form has a qualifying banker's affidavit, requiring a bank member of the New York Stock Exchange or the American Stock Exchange, or a member bank of the Federal Reserve System, to attest that the bank has custody of the shares of common stock, or that the bank has been shown that the common shares are property of the applicant. If the Form IB 92 USA is submitted before the dividend payment date and all relevant conditions are fulfilled, we will withhold tax from the dividend at the reduced treaty rate of 15%. If a shareholder of our common stock is unable to claim withholding tax relief in this manner, the shareholder can get a refund of excess tax withheld by filing a Form IB 92 USA, describing the circumstances that prevented the holder's claiming withholding tax relief. The holder must file the form within three years after the end of calendar year in which the tax had been levied.

A qualified exempt pension organization may obtain a full exemption from the dividend withholding tax if, before the payment of the dividend, the organization gives us in duplicate a signed Form IB 96 USA, along with the requisite banker's affidavit as described above, and includes IRS Form 6166 for the relevant year or a valid qualification certification issued by the competent Dutch tax office and complies with certain other requirements. Other qualifying exempt organizations are ineligible for relief from withholding at source but may claim a refund of the tax withheld by filing a Form IB 95 USA and complying with certain other formalities.

Holders of shares of our common stock through a depository will initially receive dividends subject to a withholding tax rate of 25%. Upon timely receipt of required documents concerning a holder's eligibility for the reduced rate under the U.S.-NL Treaty, dependent on the status of the holder, the dividend-disbursing agent (via any nominee) will pay an amount equal to 10% or 25% of the dividend to the holder.

Taxes on Income and Capital Gains. A shareholder of shares of our common stock will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of capital gains realized on the disposition of shares of our common stock (other than the dividend withholding tax described above), provided that:

(1) such shareholder is neither resident nor deemed to be resident in The Netherlands, nor has elected to be subject to the rules of the Dutch Income Tax Act 2001 that apply to residents of The Netherlands;

(2) such shareholder does not have a business or an interest in a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which business or part of a business, as the case may be, the shares of common stock are attributable;

(3) such shareholder does not perform independent personal services in The Netherlands giving rise to a fixed base in The Netherlands to which the shares of common stock are attributable; and

(4) the shares of common stock owned by such shareholder do not form part of a substantial interest or a deemed substantial interest, as defined below, in the share capital of the Company or, if such shares of common stock do form part of such an interest, they form part of the assets of a business other than a Netherlands business.

Generally, a shareholder of our common stock will have a substantial interest in our shares only if the shareholder, the spouse of the shareholder, certain other relatives (including foster children), or certain persons in the household of the shareholder, alone or together, whether directly or indirectly, own or possess

certain rights (e.g., the right of usufruct) in, shares of our stock representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire the shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds. Shareholders of our common stock who do not hold a substantial interest themselves will also be subject to the "substantial interest" regime if their spouse and/or certain other relatives hold a substantial interest. A deemed substantial interest is present if a substantial interest or part of a substantial interest has been disposed of, or is deemed to have been disposed of, without recognition of a gain.

If a shareholder has a substantial interest in the shares of our common stock and is resident of a country with which The Netherlands has concluded a convention to avoid double taxation, such shareholder may, depending on the terms of such double taxation convention, be eligible for an exemption from Netherlands income tax on capital gains realized upon the disposition or deemed disposition of shares of our common stock, or to a full or partial exemption from Netherlands income tax on dividends we pay.

Under the U.S.-NL Treaty, capital gains realized by a shareholder that has a substantial interest in the shares of our common stock and is a resident of the United States (as defined in the U.S.-NL Treaty) upon the disposition of shares of our common stock, are, with certain exceptions, generally exempt from Netherlands tax.

As indicated above, a shareholder of shares of our common stock, other than an individual, will be ineligible for the benefits of the U.S.-NL Treaty if such shareholder does not satisfy the limitation on benefits provisions under Article 26 of the U.S.-NL Treaty.

Other Taxes and Duties. No other Netherlands registration tax, transfer tax, stamp duty or any similar documentary tax or duty will be payable by our investors in respect of or in connection with the subscription, issue, placement, allotment or transfer of shares of our common stock.

Documents Available for Review

We are subject to the reporting requirements of the Exchange Act applicable to "foreign private issuers" and in accordance therewith file reports, including annual reports, and other information with the SEC. Such reports and other information have been filed electronically with the SEC beginning November 4, 2002. The SEC maintains a site on the Internet, at *www.sec.gov*, which contains reports and other information regarding issuers that file electronically with the SEC. In addition, such reports may be obtained, upon written request, from our Company Secretary at Atrium, 8th floor, Strawinskylaan 3077, 1077 ZX Amsterdam, The Netherlands or our Assistant Company Secretary Level 3, 22 Pitt Street, Sydney, NSW 2000. Such reports and other information filed with the SEC prior to November 2002 may be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street N.E., Washington, D.C. 20549, inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 or obtained by written request to our Company Secretary. Although, as a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements and annual reports to shareholders and the short-swing profit recovery provisions set forth in Section 16 of the Exchange Act, we:

- furnish our shareholders with annual reports containing consolidated financial statements examined by an independent registered public accounting firm; and
- furnish quarterly reports for the first three quarters of each fiscal year containing unaudited consolidated financial information in filings with the SEC under Form 6-K.

Item 11. ***Quantitative and Qualitative Disclosures About Market Risk***

Cash and cash equivalents include amounts on deposit in banks and cash invested temporarily in various highly liquid financial instruments with original maturities of three month or less when acquired.

We have operations in foreign countries and, as a result, are exposed to foreign currency exchange rate risk inherent in purchases, sales, assets and liabilities denominated in currencies other than the U.S. dollar. We also are exposed to interest rate risk associated with our long-term debt and to changes in prices of commodities we use in production.

Periodically, interest rate swaps, commodity swaps and forward exchange contracts are used to manage market risks and reduce exposure resulting from fluctuations in interest rates, commodity prices and foreign currency exchange rates. Our policy is to enter into derivative instruments solely to mitigate risks in our business and not for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

We have significant operations outside of the United States and, as a result, are exposed to changes in exchange rates which affect our financial position, results of operations and cash flow.

For our fiscal year ended March 31, 2005, the following currencies comprised the following percentages of our net sales, cost of goods sold, expenses and liabilities:

	US$	A$	NZ$	Other(1)
Net sales	79.0%	13.3%	4.1%	3.6%
Cost of goods sold	81.5%	12.0%	3.1%	3.4%
Expenses	60.3%	31.5%	2.5%	5.7%
Liabilities (excluding borrowings)	73.9%	17.6%	5.1%	3.4%

For our fiscal year ended March 31, 2004, the following currencies comprised the following percentages of our net sales, cost of goods sold, expenses and liabilities:

	US$	A$	NZ$	Other(1)
Net sales	76.3%	15.8%	4.1%	3.8%
Cost of goods sold	77.3%	15.0%	3.6%	4.1%
Expenses	68.6%	18.9%	6.3%	6.2%
Liabilities (excluding borrowings)	83.2%	9.4%	4.2%	3.2%

(1) Comprised of Philippine Pesos, Euros and Chilean Pesos.

We purchase raw materials and fixed assets and sell some finished product for amounts denominated in currencies other than the functional currency of the business in which the related transaction is generated. In order to protect against foreign exchange rate movements, we may enter into forward exchange contracts timed to mature when settlement of the underlying transaction is due to occur. At March 31, 2005, there were no such material contracts outstanding.

Interest Rate Risk

We have market risk from changes in interest rates, primarily related to our borrowings. At March 31, 2005, 93% of our borrowings were fixed-rate and 7% variable-rate, as compared to 94% of our borrowings at a fixed rate and 6% at a variable rate at March 31, 2004. The large percentage of fixed-rate debt reduces the earnings volatility that would result from changes in interest rates. From time to time, we may enter into interest rate swap contracts in an effort to mitigate interest rate risk. At March 31, 2005, no interest rate swap contracts were outstanding.

The table below presents our long-term borrowings at March 31, 2005, the expected maturity date of future principal repayments and related weighted average interest rates. For obligations with variable interest rates, we have used current interest rates and have not attempted to project future interest rates. The fair value of our outstanding debt is what we likely would have to pay over the term of the loan if we were to enter into debt on substantially the same terms today. At March 31, 2005, all of our outstanding fixed-rate and variable-rate borrowings were denominated in U.S. dollars.

Future Principal Repayments by Expected Maturity Date
(In millions of U.S. dollars, except percentages)

	Year Ending March 31,							
	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
Fixed rate debt	$25.7	$27.1	$ 8.1	$46.2	$—	$ 40.3	$147.4	$ 173.6
Weighted-average interest rate	6.92%	6.99%	7.05%	7.12%	—	7.35%	7.12%	
Variable rate debt	$11.9	—	—	—	—	—	$ 11.9	$ 11.9
Weighted-average interest rate	3.52%	—	—	—	—	—	3.52%	

In addition, we have assessed the market risk for our variable-rate debt and believe that a 1% change in interest rates will increase or decrease interest expense by approximately $0.1 million annually based on $11.9 million of variable rate debt outstanding at March 31, 2005.

Commodity Price Risk

Pulp is a raw material we use to produce fiber cement, and it has historically demonstrated more price sensitivity than other raw materials that we use in our manufacturing process. In August 2000, we entered into a contract with a third party to hedge the price of 5,000 metric tons of pulp per month, representing approximately 50% of our production requirements at that time. The original contract term was effective from September 1, 2000 to August 31, 2005, with settlement payments due each month. On December 2, 2001, the other party filed for bankruptcy. This had the effect of terminating all outstanding swap transactions immediately prior to the bankruptcy filing. The estimated fair value at the date of termination of the pulp contract was a $6.2 million liability and was recorded in other non-current liabilities in fiscal year 2002. Also, a current payable of $0.6 million was recorded at March 31, 2002. In November 2002, we settled our obligation under this contract for a cash payment of $5.8 million. Accordingly, we recorded a gain on settlement of the contract in the amount of $1.0 million in other operating income during fiscal year 2003. Pulp prices increased during fiscal years 2005 and 2004, and we expect them to continue to fluctuate. To minimize the additional working capital requirements caused by rising pulp prices, we may seek to enter into contracts with suppliers for the purchase of pulp that could fix our pulp prices over the longer-term. However, if pulp prices do not continue to rise, our cost of sales may be negatively impacted due to fixed pulp pricing over the longer-term. We have assessed the market risk for pulp and believe that, based on our most recent estimates, a $65 per metric ton price movement in pulp prices, which represents approximately 10% of the average market pulp price in fiscal year 2005, would have had approximately a 1.5% change in cost of sales in fiscal year 2005.

Item 12. ***Description of Securities Other Than Equity Securities***

Not Required.

PART II

Item 13. ***Defaults, Dividend Arrearages and Delinquencies***

None.

Item 14. ***Material Modifications to the Rights of Security Holders and Use of Proceeds***

None.

Item 15. ***Controls and Procedures***

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures are effective.

There have been no significant changes in our internal control over financial reporting during fiscal year 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. ***Audit Committee Financial Expert***

Our Joint Board has determined that Michael Brown, Michael Gillfillan and James Loudon are "audit committee financial experts," as such term is defined by applicable SEC rules. Mr. Brown and Mr. Gillfillan are considered to be independent. However, under the NYSE listing standards applicable to U.S. companies, Mr. Loudon would not be considered to be independent because his son is an employee of our independent registered public accounting firm. However, his son does not work, and has never worked, on our audit or otherwise performed services for us. Accordingly, the Board has resolved to have Mr. Loudon to continue to serve on the Audit Committee.

Item 16B. ***Code of Business Conduct and Ethics***

We seek to maintain high standards of integrity and are committed to ensuring that we conduct our business in accordance with high standards of ethical behavior.

In 2003, we revised our code of ethics primarily:

- to prohibit, directly or indirectly, extending or maintaining credit, arranging for the extension of credit or renewing an extension of credit, in the form of a personal loan to or for any of our directors or executive officers;
- to add a mechanism to enable employees to submit any concerns or complaints regarding questionable accounting or auditing matters. Such submissions may be made on an anonymous, confidential basis and may be directed to an employee's supervisor(s), corporate controller or the secretary of Audit Committee. In addition, we added a section that prohibits retaliation of any kind against individuals who have made good faith reports or complaints of violations of our code of ethics or other known or suspected illegal or unethical conduct; and
- to add a section that provides that our code of ethics may be amended or modified by our Supervisory Board. In addition, waivers of this code may only be granted by our Supervisory Board or a committee of our Supervisory Board with specific delegated authority, and any such waiver, will be disclosed to our shareholders.

In June 2005, we updated our code of ethics primarily:

- to change its name to the "Code of Business Conduct and Ethics," to reflect the fact that it sets forth our standards of business conduct as well as ethical behavior, and in accordance with the relevant rules and regulations of the New York Stock Exchange; and
- to make our Code of Business Conduct and Ethics applicable to our directors, in addition to all of our employees, in compliance with the relevant rules and regulations of the New York Stock Exchange.

In addition, we are in the process of introducing a new toll-free, 24-hour ethics hotline, through which employees may confidentially report concerns or complaints regarding questionable accounting or auditing matters and other suspected violations of law or our code of business conduct and ethics. This new hotline will be progressively introduced in our operations in The Netherlands, the United States and Australia.

We have not granted any waivers from the provisions of our Code of Business Conduct and Ethics during fiscal year 2005.

Our complete Code of Business Conduct and Ethics is publicly available on the Corporate Governance area of our Investor Relations website at www.jameshardie.com.

Item 16C. *Principal Accountant Fees and Services*

Fees Paid to Our Independent Registered Public Accounting Firm

Fees paid to our independent registered public accounting firm for services provided for fiscal years 2005, 2004 and 2003 were as follows:

	Fiscal Year Ended March 31,		
	2005	2004	2003
	(In millions)		
Audit Fees(1)	$ 3.1	$ 1.2	$ 1.1
Audit-Related Fees(2)	0.2	0.1	0.6
Tax Fees(3)	4.2	3.5	3.4

(1) Audit Fees include the aggregate fees for professional services rendered by our independent registered public accounting firm. Professional services include the audit of our annual financial statements and services that are normally provided in connection with statutory and regulatory filings. During the fiscal year ended March 31, 2005, total audit fees also included internal investigation fees of $1.9 million.

(2) Audit-Related Fees include the aggregate fees billed for assurance and related services rendered by our independent registered public accounting firm. Our independent registered public accounting firm did not engage any temporary employees to conduct any portion of the audit of our financial statements for the fiscal year ended March 31, 2005.

(3) Tax Fees include the aggregate fees billed for tax compliance, tax advice and tax planning services rendered by our independent registered public accounting firm.

In addition to the fees described above, during the fiscal year ended March 31 2003, we incurred minor fees from our independent registered public accounting firm related to the purchase and use of software.

Audit Committee Pre-Approval Policies and Procedures

In accordance with our Audit Committee's policy and the requirements of the law, all services provided by PricewaterhouseCoopers LLP are pre-approved annually by the Audit Committee. Pre-approval includes a list of specific audit and non-audit services in the following categories: audit services, audit-related services, tax services and other services. Any additional services that we may ask our independent registered public accounting firm to perform will be set forth in a separate document requesting Audit Committee approval in advance of the service being performed.

All of the services pre-approved by the Audit Committee are permissible under the SEC's auditor independence rules. To avoid potential conflicts of interest, the law prohibits a publicly traded company from obtaining certain non-audit services from its independent registered public accounting firm. We obtain these services from other service providers as needed.

Item 16D. ***Exemptions from Listing Standards for Audit Committees***

Not Applicable.

Item 16E. ***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

None.

PART III

Item 18. ***Financial Statements***

See pages F-1 through F-56, which are incorporated into this annual report by reference.

Item 19. ***Exhibits***

Documents filed as exhibits to this annual report:

Exhibit Number	Description of Exhibits
1.1	Articles of Association, as amended on November 5, 2003 of James Hardie Industries N.V. (English Translation) (4)
2.1	Letter Agreement of September 6, 2001 by and between James Hardie Industries N.V. and CHESS Depositary Nominees Pty Limited, as the depositary for CHESS Units of Foreign Securities(1)
2.2	Deposit Agreement dated as of September 24, 2001 between The Bank of New York, as depositary, and James Hardie Industries N.V.(1)
2.3	Note Purchase Agreement, dated as of November 5, 1998, among James Hardie Finance B.V., James Hardie N.V. and certain purchasers thereto re: $225,000,000 Guaranteed Senior Notes(1)
2.4	Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement, dated as of January 24, 2000, by and among James Hardie Finance B.V., James Hardie U.S. Funding, Inc., James Hardie N.V., James Hardie Aust Investco Pty Limited and certain noteholders thereto(1)
2.5	Second Amendment to the Note Purchase Agreement dated as of October 22, 2001, by and among, James Hardie U.S. Funding, Inc., James Hardie N.V., James Hardie Aust Investco Pty Limited, James Hardie Australia Finance Pty Limited, James Hardie International Finance B. V. and certain noteholders thereto(1)
2.6	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and New Zealand Banking Group Limited(2)
2.7	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Bank One, NA(2)
2.8	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BNP Paribas(2)
2.9	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and Westdeutsche Landesbank Girozentrale, Sydney Branch(2)

2.10	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and New Zealand Banking Group Limited(2)

Exhibit Number	Description of Exhibits
2.11	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Bank One, NA (2)
2.12	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BBL Australia Limited(2)
2.13	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BNP Paribas(2)
2.14	Novation Agreement, dated August 27, 2001, relating to Amended and Restated 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Wells Fargo HSBC Trade Bank, National Association(2)
2.15	Novation Agreement, dated August 27, 2001, relating to Amended and Restated 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Westdeutsche Landesbank Girozentrale, Sydney Branch(2)
2.16	Form of Novation Agreement, dated December 16, 2002, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc., James Hardie Industries N.V., and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; BNP Paribas; and WestLB AG, Sydney Branch(3)
2.17	Form of Novation Agreement, dated December 16, 2002, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc., James Hardie Industries N.V. and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; ING Bank N.V., Sydney Branch; BNP Paribas; Wells Fargo HSBC Trade Bank, National Association; and WestLB AG, Sydney Branch(3)
2.18	Amendment Agreement to Amended and Restated Standby Loan Agreement, effective April 30, 2004, among James Hardie International Finance B.V., James Hardie Industries N.V. and Wells Fargo HSBC Trade Bank, National Association(4)
2.19	Form of Extension Letter, relating to 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie Industries N.V. and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; ING Bank NV, Sydney Branch; BNP Paribas; and WestLB AG, Sydney Branch (4)
2.20	Extension Letter relating to 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie Industries N.V. and Wells Fargo HSBC Trade Bank N.A.(4)
2.21	Assignment and Assumption Agreement and Third Amendment to Note Purchase Agreement, dated as of November 18, 2002, among James Hardie U.S. Funding Inc, James Hardie International Finance B.V., James Hardie Industries N.V., James Hardie N.V. and certain noteholders thereto(3)
2.22	Common Terms Deed Poll dated June 15, 2005 between James Hardie International Finance B.V. and James Hardie Industries N.V.
2.23	Form of Term Facility Agreement between James Hardie International Finance B.V. and Financier
2.24	Form of 364-day Facility Agreement between James Hardie International Finance B.V. and Financier
2.25	Form of Guarantee Deed between James Hardie Industries N.V. and Financier
4.1	James Hardie Industries N.V. 2001 Equity Incentive Plan

4.2	James Hardie Industries N.V. Peter Donald Macdonald Share Option Plan 2002(1)
4.3	Economic Profit and Individual Performance Incentive Plans
4.4	JHI NV Stock Appreciation Rights Incentive Plan
4.5	Supervisory Board Share Plan, dated July 19, 2002(1)

Exhibit Number	Description of Exhibits
4.6	Letter of Resignation, dated October 21, 2004, between James Hardie Industries N.V. and Peter Donald Macdonald(4)
4.7	Consulting agreement, dated November 15, 2004, between James Hardie Industries N.V. and Peter Shafron(4)
4.8	Employment Agreement effective as of February 10, 2005, among James Hardie Building Products, Inc., James Hardie Industries N.V. and Louis Gries
4.9	Summary of Employment Terms between James Hardie Industries N.V. and Russell Chenu
4.10	International Assignment Agreement dated May 10, 2005, between James Hardie Industries N.V. and Benjamin Butterfield
4.11	Employment Agreement, effective September 1, 2004, between James Hardie Buildings Products, Inc. and David Merkley
4.12	Employment Agreement, effective September 1, 2004, between James Hardie Building Products and Donald Merkley
4.13	Amended Secondment dated October 8, 2004 between James Hardie Building Products Inc. and James Chilcoff(4)
4.14	Final Settlement Agreement between James Hardie International Finance B.V. and Folkert Zwinkels dated March 24, 2005
4.15	Form of Joint and Several Indemnity Agreement among James Hardie N.V., James Hardie (USA) Inc. and certain indemnitees thereto(1)
4.16	Form of Joint and Several Indemnity Agreement among James Hardie Industries N.V., James Hardie Inc. and certain indemnitees thereto(1)
4.17	Form of Deed of Access to Documents, Indemnity and Insurance among James Hardie Industries N.V. and certain indemnitees thereto(1)
4.18	Form of Joint and Several Indemnity Agreement among James Hardie Industries N.V., James Hardie Building Products Inc. and certain indemnities thereto
4.19	Lease Amendment, dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at the corner of Cobalt & Silica Street, Carole Park, Queensland, Australia(4)
4.20	Variation of Lease dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at the corner of Colquhoun & Devon Streets, Rosehill, New South Wales, Australia(4)
4.21	Extension of Lease dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at Rutland, Avenue, Welshpool, Western Australia, Australia(4)
4.22	Lease Amendment dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at 46 Randle Road, Meeandah, Queensland, Australia (4)
4.23	Lease Agreement dated March 23, 2004 among Studorp Limited, James Hardie New Zealand Limited and James Hardie Industries N.V. re premises at the corner of O'Rorke and Station Roads, Penrose, Auckland, New Zealand (4)

4.24	Lease Agreement dated March 23, 2004 among Studorp Limited, James Hardie New Zealand Limited and James Hardie Industries N.V. re premises at 44-74 O'Rorke Road, Penrose, Auckland, New Zealand(4)
4.25	Industrial Building Lease Agreement, effective October 6, 2000, between James Hardie Building Products, Inc. and Fortra Fiber-Cement L.L.C., re premises at Waxahachie, Ellis County, Texas(1)
4.26	Asset Purchase Agreement by and between James Hardie Building Products, Inc. and Cemplank, Inc. dated as of December 12, 2001(1)
4.27	Amended and Restated Stock Purchase Agreement dated March 12, 2002, between BPB U.S. Holdings, Inc. and James Hardie Inc.(1)

Exhibit Number	Description of Exhibits
8.1	List of significant subsidiaries of James Hardie Industries N.V.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of independent registered public accounting firm
15.2	Consent of KPMG Actuaries Pty Ltd
99.1	Excerpts of the ASX Settlement and Transfer Corporation Pty Ltd as of May 2005
99.2	Excerpts of the Financial Services Reform Act 2001, as of March 11, 2002
99.3	ASIC Class Order 02/311, dated November 3, 2002
99.4	ASIC Modification, dated March 7, 2002(1)

(1) This document was previously filed on paper as an exhibit to a prior Form 20-F. It is being re-filed herewith electronically.

(2) Previously filed as an exhibit to our Registration Statement on Form 20-F dated September 7, 2001 and incorporate herein by reference.

(3) Previously filed as an exhibit to our Annual Report on Form 20-F dated July 2, 2003 and incorporated herein by reference.

(4) Previously filed as an exhibit to our Annual Report on Form 20-F dated November 22, 2004 and incorporated herein by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

JAMES HARDIE INDUSTRIES N.V.

By: /s/ LOUIS GRIES

Louis Gries
Chief Executive Officer

Date: July 1, 2005

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
James Hardie Industries N.V. and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, cash flows and changes in shareholders' equity present fairly, in all material respects, the financial position of James Hardie Industries N.V. and Subsidiaries at March 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company is subject to certain significant contingencies, including asbestos-related claims against former subsidiaries; a Special Commission of Inquiry established by the government of New South Wales, Australia; a Heads of Agreement; an investigation by the Australian Securities and Investments Commission; and an indemnity to ABN 60 together with a related commitment to provide interim funding to the Medical Research and Compensation Foundation.

/s/ PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS LLP

Los Angeles, California
May 13, 2005

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Notes	March 31 2005	March 31 2004
		(Millions of US dollars)	
ASSETS			
Current assets:			
Cash and cash equivalents	3	$ 113.5	$ 72.3
Accounts and notes receivable, net of allowance for doubtful accounts of $1.5 million and $1.2 million as of March 31, 2005 and March 31, 2004, respectively	4	127.2	118.4
Inventories	5	99.9	103.2
Refundable income taxes	14	—	37.8
Prepaid expenses and other current assets		12.0	8.8
Deferred tax assets	14	26.0	24.7
Total current assets		378.6	365.2
Long-term receivables and other assets		0.8	9.8
Property, plant and equipment, net	6	685.7	567.1
Intangible assets, net	7	3.1	3.0
Prepaid pension cost	8	8.4	14.1
Deferred tax assets	14	12.3	12.0
Total assets		$ 1,088.9	$ 971.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	9	$ 94.0	$ 78.5
Current portion of long-term debt	10	25.7	17.6
Short-term debt	10	11.9	10.8
Accrued payroll and employee benefits		35.7	41.1
Accrued product warranties	12	8.0	9.7
Income taxes payable	14	21.4	9.8
Other liabilities		1.7	1.8
Total current liabilities		198.4	169.3
Long-term debt	10	121.7	147.4
Deferred income taxes	14	77.5	65.2
Accrued product warranties	12	4.9	2.3
Other liabilities	11,14	61.7	82.3
Total liabilities		464.2	466.5
Commitments and contingencies (Note 13)			
Shareholders' equity:			
Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 459,373,176 shares issued and outstanding at March 31, 2005 and 458,558,436 shares issued and outstanding at March 31, 2004	16,20	245.8	245.2
Additional paid-in capital	16,20	139.4	134.0
Retained earnings		264.3	151.1
Employee loans	16	(0.7)	(1.3)
Accumulated other comprehensive loss	19	(24.1)	(24.3)
Total shareholders' equity		624.7	504.7
Total liabilities and shareholders' equity		$ 1,088.9	$ 971.2

The accompanying notes are an integral part of these consolidated financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Notes	Years Ended March 31 2005	2004	2003
		(Millions of US dollars, except per share data)		
Net sales	18	$ 1,210.4	$ 981.9	$ 783.6
Cost of goods sold		(784.0)	(623.0)	(492.8)
Gross profit		426.4	358.9	290.8
Selling, general and administrative expenses		(174.5)	(162.0)	(144.9)
Research and development expenses		(21.6)	(22.6)	(18.1)
SCI and other related expenses	13	(28.1)	—	—
Other operating (expense) income	8	(6.0)	(2.1)	1.0
Operating income		196.2	172.2	128.8
Interest expense		(7.3)	(11.2)	(23.8)
Interest income		2.2	1.2	3.9
Other (expense) income		(1.3)	3.5	0.7
Income from continuing operations before income taxes	18	189.8	165.7	109.6
Income tax expense		(61.9)	(40.4)	(26.1)
Income from continuing operations		127.9	125.3	83.5
Discontinued operations:				
(Loss) income from discontinued operations, net of income tax benefit (expense) of $0.2 million, ($0.1) million and ($1.6) million for 2005, 2004 and 2003, respectively	15	(0.3)	0.2	3.0
(Loss) gain on disposal of discontinued operations, net of income tax benefit (expense) of nil, $4.8 million and ($45.3) million for 2005, 2004 and 2003, respectively	15	(0.7)	4.1	84.0
(Loss) income from discontinued operations		(1.0)	4.3	87.0
Net income		$ 126.9	$ 129.6	$ 170.5
Income per share — basic:				
Income from continuing operations		$ 0.28	$ 0.27	$ 0.18
Income from discontinued operations		—	0.01	0.19
Net income per share — basic		$ 0.28	$ 0.28	$ 0.37
Income per share — diluted:				
Income from continuing operations		$ 0.28	$ 0.27	$ 0.18
Income from discontinued operations		—	0.01	0.19
Net income per share — diluted		$ 0.28	$ 0.28	$ 0.37
Weighted average common shares outstanding (Millions):				
Basic	2	458.9	458.1	456.7
Diluted	2	461.0	461.4	459.4

The accompanying notes are an integral part of these consolidated financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Cash flows from operating activities:			
Net income	$ 126.9	$ 129.6	$ 170.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of subsidiaries and businesses	—	(4.1)	(84.8)
Loss (gain) on sale of land and buildings	0.7	(4.2)	—
Gain on disposal of investments and negotiable securities	—	—	(0.4)
Impairment loss on investment	2.1	2.2	—
Depreciation and amortization	36.3	36.4	28.7
Deferred income taxes	11.1	14.6	(10.6)
Prepaid pension cost	7.6	1.8	2.3
Tax benefit from stock options exercised	0.4	0.4	0.8
Stock compensation	3.0	3.3	1.9
Other	—	0.7	—
Changes in operating assets and liabilities:			
Accounts receivable	(3.7)	(24.8)	(10.8)
Inventories	4.3	(24.9)	(8.5)
Prepaid expenses and other current assets	32.6	2.1	(12.5)
Accounts payable	15.0	1.3	14.5
Accrued liabilities and other liabilities	(16.5)	28.2	(26.3)
Net cash provided by operating activities	219.8	162.6	64.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	(153.2)	(74.8)	(90.2)
Proceeds from sale of property, plant and equipment	3.4	10.9	49.0
Proceeds from disposal of subsidiaries and businesses, net of cash invested	—	5.0	334.4
Proceeds from sale and maturity of investments	—	—	1.1
Collections on loans receivable	0.6	0.9	0.7
Cash transferred on establishment of ABN 60 Foundation	—	—	(57.1)
Net cash (used in) provided by investing activities	(149.2)	(58.0)	237.9
Cash flows from financing activities:			
Net proceeds from line of credit	0.5	0.5	3.1
Proceeds from borrowings	—	—	2.4
Repayments of borrowings	(17.6)	—	(160.0)
Proceeds from issuance of shares	2.6	3.2	4.2
Repayments of capital	—	(68.7)	(94.8)
Dividends paid	(13.7)	(22.9)	(34.3)
Net cash used in financing activities	(28.2)	(87.9)	(279.4)
Effects of exchange rate changes on cash	(1.2)	0.5	0.7
Net increase in cash and cash equivalents	41.2	17.2	24.0
Cash and cash equivalents at beginning of period	72.3	55.1	31.1
Cash and cash equivalents at end of period	113.5	72.3	55.1
Components of cash and cash equivalents:			
Cash at bank and on hand	28.6	24.6	39.7
Short-term deposits	84.9	47.7	14.9
Cash and cash equivalents — continuing operations	113.5	72.3	54.6
Cash at bank and on hand — discontinued operations	—	—	0.5
Cash and cash equivalents at end of period	$ 113.5	$ 72.3	$ 55.1
Supplemental disclosure of cash flow activities:			
Cash paid during the period for interest, net of amounts capitalised	$ 10.7	$ 11.7	$ 28.1
Cash paid (refunded) during the period for income taxes, net	$ 15.7	$ (6.5)	$ 77.3

The accompanying notes are an integral part of these consolidated financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Employee Loans	Accumulated Other Comprehensive Income (Loss)	Total
			(Millions of US dollars)			
Balances as of March 31, 2002	$ 205.4	$ 323.5	$ (91.8)	$ (2.1)	$ (64.3)	$370.7
Comprehensive income (loss):						
Net income	—	—	170.5	—	—	170.5
Other comprehensive income (loss):						
Amortization of unrealized transition loss on derivative instruments	—	—	—	—	1.1	1.1
Foreign currency translation gain	—	—	—	—	21.9	21.9
Additional minimum pension liability adjustment	—	—	—	—	(7.7)	(7.7)
Other comprehensive income	—	—	—	—	15.3	15.3
Total comprehensive income						185.8
Dividends paid	—	—	(34.3)	—	—	(34.3)
Conversion of common stock from Euro 0.50 par value to Euro 0.85 par value	157.9	(157.9)	—	—	—	—
Conversion of common stock from Euro 0.85 par value to Euro 0.64 par value and subsequent return of capital	(94.8)	—	—	—	—	(94.8)
Stock compensation	—	1.9	—	—	—	1.9
Tax benefit from stock options exercised	—	0.8	—	—	—	0.8
Employee loans repaid	—	—	—	0.4	—	0.4
Stock options exercised	1.2	3.0	—	—	—	4.2
Balances as of March 31, 2003	$ 269.7	$ 171.3	$ 44.4	$ (1.7)	$ (49.0)	$434.7
Comprehensive income (loss):						
Net income	—	—	129.6	—	—	129.6
Other comprehensive income (loss):						
Amortization of unrealized transition loss on derivative instruments	—	—	—	—	1.1	1.1
Foreign currency translation gain	—	—	—	—	16.0	16.0
Unrealized loss on available-for-sale securities	—	—	—	—	(0.1)	(0.1)
Additional minimum pension liability adjustment	—	—	—	—	7.7	7.7
Other comprehensive income	—	—	—	—	24.7	24.7
Total comprehensive income						154.3
Dividends paid	—	—	(22.9)	—	—	(22.9)
Conversion of common stock from Euro 0.64 par value to Euro 0.73 par value	48.4	(48.4)	—	—	—	—
Conversion of common stock from Euro 0.73 par value to Euro 0.5995 par value and subsequent return of capital	(68.7)	—	—	—	—	(68.7)
Conversion of common stock from Euro 0.5995 par value to Euro 0.59 par value	(5.0)	5.0	—	—	—	—
Stock compensation	—	3.3	—	—	—	3.3
Tax benefit from stock options exercised	—	0.4	—	—	—	0.4
Employee loans repaid	—	—	—	0.4	—	0.4
Stock options exercised	0.8	2.4	—	—	—	3.2
Balances as of March 31, 2004	$ 245.2	$ 134.0	$ 151.1	$ (1.3)	$ (24.3)	$504.7
Comprehensive income (loss):						
Net income	—	—	126.9	—	—	126.9
Other comprehensive income (loss):						
Amortization of unrealized transition loss on derivative instruments	—	—	—	—	1.1	1.1
Foreign currency translation gain	—	—	—	—	(0.9)	(0.9)
Other comprehensive income	—	—	—	—	0.2	0.2
Total comprehensive income						127.1
Dividends paid	—	—	(13.7)	—	—	(13.7)
Stock compensation	—	3.0	—	—	—	3.0
Tax benefit from stock options exercised	—	0.4	—	—	—	0.4
Employee loans repaid	—	—	—	0.6	—	0.6
Stock options exercised	0.6	2.0	—	—	—	2.6
Balances as of March 31, 2005	$ 245.8	$ 139.4	$ 264.3	$ (0.7)	$ (24.1)	$624.7

The accompanying notes are an integral part of these consolidated financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Background and Basis of Presentation

Nature of Operations

The Company manufactures and sells fiber cement building products for interior and exterior building construction applications primarily in the United States, Australia, New Zealand, Philippines, Chile and Europe. Prior to April 25, 2002, the Company manufactured gypsum wallboard for interior construction applications in the United States.

Background

On July 2, 1998, ABN 60 000 009 263 Pty Ltd, formerly James Hardie Industries Limited ("JHIL"), then a public company organized under the laws of Australia and listed on the Australian Stock Exchange, announced a plan of reorganization and capital restructuring (the "1998 Reorganization"). James Hardie N.V. ("JHNV") was incorporated in August 1998, as an intermediary holding company, with all of its common stock owned by indirect subsidiaries of JHIL. On October 16, 1998, JHIL's shareholders approved the 1998 Reorganization. Effective as of November 1, 1998, JHIL contributed its fiber cement businesses, its U.S. gypsum wallboard business, its Australian and New Zealand building systems businesses and its Australian windows business (collectively, the "Transferred Businesses") to JHNV and its subsidiaries. In connection with the 1998 Reorganization, JHIL and its non-transferring subsidiaries retained certain unrelated assets and liabilities.

On July 24, 2001, JHIL announced a further plan of reorganization and capital restructuring (the "2001 Reorganization"). Completion of the 2001 Reorganization occurred on October 19, 2001. In connection with the 2001 Reorganization, James Hardie Industries N.V. ("JHI NV"), formerly RCI Netherlands Holdings B.V., issued common shares represented by CHESS Units of Foreign Securities ("CUFS") on a one for one basis to existing JHIL shareholders in exchange for their shares in JHIL such that JHI NV became the new ultimate holding company for JHIL and JHNV.

Following the 2001 Reorganization, JHI NV controls the same assets and liabilities as JHIL controlled immediately prior to the 2001 Reorganization.

Basis of Presentation

The consolidated financial statements represent the financial position, results of operations and cash flows of JHI NV and its current wholly owned subsidiaries, collectively referred to as either the "Company" or "James Hardie" and JHI NV together with its subsidiaries as of the time relevant to the applicable reference, the "James Hardie Group," unless the context indicates otherwise.

In accordance with accounting principles generally accepted in the United States of America, the transfers to JHI NV have been accounted for on a historical cost basis using the "as-if" pooling method on the basis that the transfers are between companies under common control.

2. Summary of Significant Accounting Policies

Accounting Principles

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The U.S. dollar is used as the reporting currency. All subsidiaries are consolidated and all significant intercompany transactions and balances are eliminated.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain prior year balances have been reclassified to conform with the current year presentation.

Foreign Currency Translation

All assets and liabilities are translated into U.S. dollars at current exchange rates while revenues and expenses are translated at average exchange rates in effect for the period. The effects of foreign currency translation adjustments are included directly in other comprehensive income in shareholders' equity. Gains and losses arising from foreign currency transactions are recognized in income currently.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in banks and cash invested temporarily in various highly liquid financial instruments with original maturities of three months or less when acquired.

Inventories

Inventories are valued at the lower of cost or market. Cost is generally determined under the first-in, first-out method, except that the cost of raw materials and supplies is determined using actual or average costs. Cost includes the costs of materials, labor and applied factory overhead.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Property, plant and equipment of businesses acquired are recorded at their estimated cost based on fair value at the date of acquisition. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	40
Building improvements	5 to 10
Manufacturing machinery	20
General equipment	5 to 10
Computer equipment	3 to 4
Office furniture and equipment	3 to 10

The costs of additions and improvements are capitalized, while maintenance and repair costs are expensed as incurred. Interest is capitalized in connection with the construction of major facilities. Capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation amounts with any resulting gain or loss reflected in the consolidated statements of income.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible Assets

Intangible assets consist primarily of goodwill, which represents cost in excess of the fair value of the identifiable net assets of businesses acquired. Effective April 1, 2002, the Company no longer amortizes goodwill in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Accordingly, the Company reviews goodwill for impairment annually, or more frequently if events or changes in circumstances warrant. If carrying values were to exceed their estimated fair values, the Company would record an impairment loss to write the assets down to their estimated fair values. There were no impairment charges recorded against goodwill for the years ended March 31, 2005, 2004 and 2003.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets.

Environmental

Environmental remediation expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Estimated liabilities are not discounted to present value. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action.

Mineral Acquisition Costs

The Company records acquired proven and probable silica mineral ore reserves at their fair value at the date of acquisition. Depletion expense is recorded based on the estimated rate per ton multiplied by the number of tons extracted during the period. The rate per ton may be periodically revised by management based on changes in the estimated tons available to be extracted which, in turn, is based on third party studies of proven and probable reserves.

SFAS No. 143, "Accounting for Asset Retirement Obligations," requires the recording of a liability for an asset retirement obligation in the period in which the liability is incurred. The initial measurement is based upon the present value of estimated third party costs and a related long-lived asset retirement cost capitalized as part of the asset's carrying value and allocated to expense over the asset's useful life. Accordingly, the Company accrues for reclamation costs associated with mining activities, which are accrued during production and are included in determining the cost of production.

Revenue Recognition

The Company recognizes revenue when the risks and obligations of ownership have been transferred to the customer, which generally occurs at the time of delivery to the customer. The Company records estimated reductions to sales for customer rebates and discounts including volume, promotional, cash and other discounts. Rebates and discounts are recorded based on management's best estimate when products are sold. The estimates are based on historical experience for similar programs and products. Management reviews

these rebates and discounts on an ongoing basis and the related accruals are adjusted, if necessary, as additional information becomes available.

Cost of Goods Sold

Cost of goods sold is primarily comprised of cost of materials, labor and manufacturing. Cost of goods sold also includes the cost of inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs and shipping and handling costs.

Shipping and Handling

Shipping and handling costs are charged to costs of goods sold as incurred. Recovery of these costs is incorporated in the Company's sales price per unit and is therefore classified as part of net sales.

Selling, General and Administrative

Selling, general and administrative expenses primarily include costs related to advertising, marketing, selling, information technology and other general corporate functions. Selling, general and administrative expenses also include certain transportation and logistics expenses associated with the Company's distribution network. Transportation and logistic costs were $1.2 million, $1.3 million and $1.0 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense was $15.7 million, $15.2 million and $10.5 million during the years ended March 31, 2005, 2004 and 2003, respectively.

Accrued Product Warranties

An accrual for estimated future warranty costs is recorded based on an analysis by the Company, including the historical relationship of warranty costs to sales.

Income Taxes

The Company accounts for income taxes under the liability method. Under this method, deferred income taxes are recognized by applying enacted statutory rates applicable to future years to differences between the tax bases and financial reporting amounts of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that all or some portion of deferred tax assets will not be realized.

Financial Instruments

To meet the reporting requirements of SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," the Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current

market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Periodically, interest rate swaps, commodity swaps and forward exchange contracts are used to manage market risks and reduce exposure resulting from fluctuations in interest rates, commodity prices and foreign currency exchange rates. Where such contracts are designated as, and are effective as, a hedge, gains and losses arising on such contracts are accounted for in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Specifically, changes in the fair value of derivative instruments designated as cash flow hedges are deferred and recorded in other comprehensive income. These deferred gains or losses are recognized in income when the transactions being hedged are completed. The ineffective portion of these hedges is recognized in income currently. Changes in the fair value of derivative instruments designated as fair value hedges are recognized in income, as are changes in the fair value of the hedged item. Changes in the fair value of derivative instruments that are not designated as hedges for accounting purposes are recognized in income. The Company does not use derivatives for trading purposes.

Stock-Based Compensation

In fiscal year 2003, the Company adopted the fair value provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," which requires the Company to value stock options issued based upon an option pricing model and recognize this value as compensation expense over the periods in which the options vest. In accordance with the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of SFAS No. 123," the Company has elected to recognize stock-based compensation using the retroactive restatement method. Under this change in accounting method, the Company has restated its consolidated financial statements for all years presented herein to reflect stock-based compensation expense under a fair value based accounting method for all options granted, modified or settled in fiscal years beginning after March 31, 1995. See Note 16 for full disclosures required under SFAS No. 123 and SFAS No. 148.

Employee Benefit Plans

The Company sponsors both defined benefit and defined contribution retirement plans for its employees. Employer contributions to the defined contribution plans are recognized as periodic pension expense in the period that the employees' salaries or wages are earned. The defined benefit plan covers all eligible employees and takes into consideration the following components to calculate net periodic pension expense: (a) service cost; (b) interest cost; (c) expected return on plan assets; (d) amortization of unrecognized prior service cost; (e) recognition of net actuarial gains or losses; and (f) amortization of any unrecognized net transition asset. If the amount of the Company's total contribution to its pension plan for the period is not equal to the amount of net periodic pension cost, the Company recognizes the difference either as a prepaid or accrued pension cost.

Dividends

Dividends are recorded as a liability on the date that the Board of Directors formally declares the dividend.

Earnings per Share

The Company is required to disclose basic and diluted earnings per share ("EPS"). Basic EPS is calculated using income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares calculated using the treasury method that would have been outstanding if the dilutive potential common shares, such as options, had been

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

issued. Accordingly, basic and dilutive common shares outstanding used in determining net income per share are as follows:

	Years Ended March 31		
	2005	2004	2003
	(Millions of shares)		
Basic common shares outstanding	458.9	458.1	456.7
Dilutive effect of stock options	2.1	3.3	2.7
Diluted common shares outstanding	461.0	461.4	459.4

	2005	2004	2003
	(Continuing operations — US dollar)		
Net income per share — basic	$ 0.28	$ 0.28	$ 0.37
Net income per share — diluted	$ 0.28	$ 0.28	$ 0.37

Potential common shares of 8.2 million, 2.0 million and 1.3 million for the years ended March 31, 2005, 2004 and 2003, respectively, have been excluded from the calculation of diluted common shares outstanding because the effect of their inclusion would be anti-dilutive.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) includes foreign currency translation and derivative instruments and is presented as a separate component of shareholders' equity.

Extinguishments of Debt

In May 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44 and 64, Amendment of SFAS No. 13, and Technical Corrections." Among other things, SFAS No. 145 rescinds various pronouncements regarding early extinguishment of debt and allows extraordinary accounting treatment for early extinguishment only when the provisions of Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations — Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," are met. SFAS No. 145 provisions regarding early extinguishment of debt are generally effective for fiscal years beginning after May 15, 2002. As permitted under SFAS No. 145, the Company early adopted the provisions of this standard effective April 1, 2002. As a result of the early retirement of $60.0 million of the Company's long-term debt, the Company incurred charges of $9.9 million related to a make-whole payment paid to certain noteholders on December 23, 2002. Accordingly, this amount was included in interest expense in the year ended March 31, 2003 rather than as an extraordinary item.

Recent Accounting Pronouncements

Employers' Disclosures about Pensions and Other Postretirement Benefits

In December 2003, the FASB issued SFAS No. 132 (revised 2003) ("SFAS No. 132R"), "Employers' Disclosures about Pensions and Other Postretirement Benefits, an amendment of FASB Statement 87, Employers' Accounting for Pensions, No. 88, Employers' Accounting for Settlement and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions." SFAS No. 132R requires additional disclosures about the assets, obligations, cash flows and net periodic benefit/ cost of defined benefit pension plans and other defined benefit postretirement plans. SFAS No. 132R is effective for foreign plans for fiscal years ending after

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

June 15, 2004. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Consolidation of Variable Interest Entities

In December 2003, the FASB issued FASB Interpretation No. ("FIN") 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"), which addresses how a business should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaced FIN 46, which was issued in January 2003. FIN 46 or FIN 46R applies immediately to entities created after January 31, 2003 and no later than the end of the first reporting period that ended after December 15, 2003 to entities considered to be special-purpose entities ("SPEs"). FIN 46R is effective for all other entities no later than the end of the first interim or annual reporting period ending after March 15, 2004. The adoption of the provisions of FIN 46 or FIN 46R relative to SPEs and for entities created after January 31, 2003 did not have a material impact on the Company's consolidated financial statements. The adoption of the other provisions of FIN 46R did not have a material impact on the Company's consolidated financial statements.

The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments

In March 2004, the Emerging Issues Task Force ("EITF") ratified the provisions of Issue 03-01, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments," which clarifies the definition of other-than-temporary impairment for certain investments accounted for under the cost method. The recognition and measurement guidance in Issue 03-01 should be applied to other-than-temporary impairment evaluations in reporting periods beginning after June 15, 2004. For all other investments within the scope of this issue, the disclosure requirements are effective for fiscal years ending after June 15, 2004. The adoption of this issue did not have a material impact on the Company's consolidated financial statements.

Inventory Costs

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs — an amendment of Accounting Research Bulletin ("ARB") No. 43, Chapter 4." SFAS No. 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material expenses to be recognized as current period charges. Additionally, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

American Jobs Creation Act

In October 2004, the President of the United States signed into law the American Jobs Creation Act (the "Act"). The Act allows for a U.S. federal income tax deduction for a percentage of income earned from certain U.S. production activities. Based on the effective date of the Act, the Company will be eligible for this deduction in the first quarter of fiscal year 2006. Additionally, in December 2004, the FASB issued FASB Staff Position ("FSP") 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes ("SFAS No. 109"), to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." FSP 109-1, which was effective upon issuance, states the deduction under this provision of the Act should be accounted for as a special deduction in accordance with SFAS No. 109. The Company is in the process of quantifying the impact this provision of the Act will have on the Company's consolidated financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Act also allows for an 85% dividends received deduction on the repatriation of certain earnings of foreign subsidiaries. In December 2004, the FASB issued FSP 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." FSP 109-2, which was effective upon issuance, allows companies time beyond the financial reporting period of enactment to evaluate the effect of the Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. Additionally, FSP 109-2 provides guidance regarding the required disclosures surrounding a company's reinvestment or repatriation of foreign earnings. The Company continues to evaluate this provision of the Act and as such, has not yet quantified the impact this provision will have on the Company's consolidated financial statements.

Exchanges of Non-monetary Assets

In December 2004, the FASB issued SFAS No. 153, "Exchange of Non-Monetary Assets — An Amendment of ARB Opinion No. 29," which requires non-monetary asset exchanges to be accounted for at fair value. The Company is required to adopt the provisions of SFAS No. 153 for non-monetary exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect the adoption of this standard to have a material impact on the Company's consolidated financial statements.

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R replaces SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Generally, SFAS No. 123R is similar in approach to SFAS No. 123 and requires that compensation cost relating to share-based payments be recognized in the financial statements based on the fair value of the equity or liability instruments issued. SFAS No. 123R is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. In April 2005, the United States Securities and Exchange Commission delayed the effective date of SFAS No. 123R until fiscal years beginning after June 15, 2005. The Company adopted SFAS No. 123 in fiscal year 2003 and does not expect the adoption of SFAS No. 123R to have a material effect on the Company's consolidated financial statements.

Conditional Asset Retirement Obligations

In March 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies the term "conditional asset retirement obligation" used in SFAS No. 143, "Accounting for Asset Retirement Obligations." FIN 47 is effective no later than the end of the fiscal year ending after December 15, 2005. The Company is in the process of evaluating whether FIN 47 will result in the recognition of additional asset retirement obligations for the Company.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Cash at bank and on hand	$ 28.6	$ 24.6
Short-term deposits	84.9	47.7
Total cash and cash equivalents	$ 113.5	$ 72.3

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Short-term deposits are placed at floating interest rates varying between 2.70% to 2.76% and 0.90% to 1.02% as of March 31, 2005 and 2004, respectively.

4. Accounts and Notes Receivable

Accounts and notes receivable consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Trade receivables	$ 121.6	$ 109.9
Other receivables and advances	7.1	9.7
Allowance for doubtful accounts	(1.5)	(1.2)
Total accounts and notes receivable	$ 127.2	$ 118.4

The collectibility of accounts receivable, consisting mainly of trade receivables, is reviewed on an ongoing basis and an allowance for doubtful accounts is provided for known and estimated bad debts. The following are changes in the allowance for doubtful accounts:

	March 31	
	2005	2004
	(Millions of US dollars)	
Balance at April 1	$ 1.2	$ 1.0
Charged to expense	0.4	0.9
Costs and deductions	(0.1)	(0.8)
Foreign currency movements	—	0.1
Balance at March 31	$ 1.5	$ 1.2

5. Inventories

Inventories consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Finished goods	$ 71.1	$ 76.7
Work-in-process	8.5	6.4
Raw materials and supplies	22.4	22.3
Provision for obsolete finished goods and raw materials	(2.1)	(2.2)
Total inventories	$ 99.9	$ 103.2

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Property, Plant and Equipment

Property, plant and equipment consist of the following components:

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
			(Millions of US dollars)		
Balance at April 1, 2003:					
Cost	$ 8.6	$ 119.8	$ 444.4	$ 107.0	$ 679.8
Accumulated depreciation	—	(20.9)	(138.9)	—	(159.8)
Net book value	8.6	98.9	305.5	107.0	520.0
Changes in net book value:					
Capital expenditures	3.5	25.1	89.5	(44.0)	74.1
Retirements and sales	(0.8)	(5.3)	(0.6)	—	(6.7)
Depreciation	—	(4.7)	(31.2)	—	(35.9)
Other movement	—	—	(0.7)	—	(0.7)
Foreign currency translation adjustments	—	—	16.3	—	16.3
Total changes	2.7	15.1	73.3	(44.0)	47.1
Balance at March 31, 2004:					
Cost	11.3	135.0	562.8	63.0	772.1
Accumulated depreciation	—	(21.0)	(184.0)	—	(205.0)
Net book value	$11.3	$ 114.0	$ 378.8	$ 63.0	$ 567.1

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
			(Millions of US dollars)		
Balance at 1 April 2004:					
Cost	$11.3	$ 135.0	$ 562.8	$ 63.0	$ 772.1
Accumulated depreciation	—	(21.0)	(184.0)	—	(205.0)
Net book value	11.3	114.0	378.8	63.0	567.1
Changes in net book value:					
Capital expenditures	0.2	3.2	32.5	117.1	153.0
Retirements and sales	—	—	—	(4.1)	(4.1)
Depreciation	—	(4.5)	(31.8)	—	(36.3)
Other movement	—	—	3.4	—	3.4
Foreign currency translation adjustments	—	—	2.6	—	2.6
Total changes	0.2	(1.3)	6.7	113.0	118.6
Balance at March 31, 2005:					
Cost	11.5	131.1	606.6	176.6	925.8
Accumulated depreciation	—	(24.4)	(215.7)	—	(240.1)
Net book value	$11.5	$ 106.7	$ 390.9	$ 176.6	$ 685.7

Construction in progress consists of plant expansions and upgrades.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Interest related to the construction of major facilities is capitalized and included in the cost of the asset to which it relates. Interest capitalized was $5.9 million, $1.6 million and $1.7 million for the years ended March 31, 2005, 2004 and 2003, respectively. Depreciation expense for continuing operations was $36.3 million, $35.9 million and $27.2 million for the years ended March 31, 2005, 2004 and 2003, respectively.

7. Intangible Assets

Intangible assets consist of the following components:

	Goodwill	Other	Total
	(Millions of US dollars)		
Balance at April 1, 2004:			
Cost	$ 2.3	$ 2.1	$ 4.4
Accumulated amortization	(0.2)	(1.2)	(1.4)
Net book value	2.1	0.9	3.0
Changes in net book value:			
Amortization	—	—	—
Foreign currency translation adjustments	0.1	—	0.1
Total changes	0.1	—	0.1
Balance at March 31, 2005:			
Cost	2.4	2.1	4.5
Accumulated amortization	(0.2)	(1.2)	(1.4)
Net book value	$ 2.2	$ 0.9	$ 3.1

The Company recorded amortization expense of nil, $0.5 million and $0.2 million for the years ended March 31, 2005, 2004 and 2003, respectively, related to other intangibles.

8. Retirement Plans

The Company sponsors a U.S. retirement plan, the James Hardie Retirement and Profit Sharing Plan, for its employees in the United States and a retirement plan, the James Hardie Australia Superannuation Plan, for its employees in Australia. The U.S. plan is a tax-qualified defined contribution retirement and savings plan covering all U.S. employees subject to certain eligibility requirements and matches employee contributions (subject to limitations) dollar for dollar up to 6% of their salary or base compensation. The James Hardie Australia Superannuation Plan has two types of participants. Participants who joined the plan prior to July 1, 2003 have rights and benefits that are accounted for as a defined benefit plan in the Company's financial statements while participants who joined the plan subsequent to July 1, 2003 have rights and benefits that are accounted for as a defined contribution plan in the Company's financial statements. Both of these participant plans are funded based on statutory requirements in Australia. The Company's expense for its defined contribution plans totaled $5.2 million, $3.8 million and $2.9 million for the years ended March 31, 2005, 2004 and 2003, respectively. Details of the defined benefit participant plan of the James Hardie Australia Superannuation Plan ("Defined Benefit Plan") are as follows.

The investment strategy/policy of the Defined Benefit Plan is set by the Trustee (Mercer) for each investment option. The strategy includes the selection of a long-term mix of investments (asset classes) that supports the option's aims.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The aims of the Mercer Growth option, in which the Defined Benefit Plan assets are invested, are:

- to achieve a rate of return (net of tax and investment expenses) that exceeds inflation (CPI) increases by at least 3% per annum over a moving five year period;
- to achieve a rate of return (net of tax and investment expenses) above the median result for the Mercer Pooled Fund Survey over a rolling three year period; and
- over shorter periods, outperform the notional return of the benchmark mix of investments.

The assets are invested by appointing professional investment managers and/or from time to time investing in a range of investment vehicles offered by professional investment managers.

Investment managers may utilize derivatives in managing investment portfolios for the Trustee. However, the Trustee doesn't undertake day-to-day management of derivative instruments. Derivatives may be used, among other things, to manage risk (e.g., for currency hedging). Losses from derivatives can occur (e.g., due to stock market movements). The Trustee seeks to manage risk by placing limits on the extent of derivative use in any relevant Investment Management Agreements between the Trustee and investment managers. The Trustee also considers the risks and the controls set out in the managers' Risk Management Statements. The targeted ranges of asset allocations are:

Equity securities	40-75%
Debt securities	15-60%
Real Estate	0-20%

The following are the actual asset allocations by asset category for the Defined Benefit Plan:

	Years Ended March 31	
	2005	2004
Equity securities	62.5%	61.5%
Debt securities	30.3%	30.1%
Real Estate	7.2%	8.4%
Total	100.0%	100.0%

The following are the components of net periodic pension cost for the Defined Benefit Plan:

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Service cost	$ 2.5	$ 2.9	$ 2.7
Interest cost	2.5	2.9	2.9
Expected return on plan assets	(3.2)	(3.6)	(3.2)
Amortization of unrecognized transition asset	—	(0.9)	(0.8)
Amortization of prior service costs	0.1	0.1	—
Recognized net actuarial loss	0.4	0.4	0.7
Net periodic pension cost	2.3	1.8	2.3
Settlement loss	5.3	—	—
Net pension cost	$ 7.6	$ 1.8	$ 2.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The settlement loss in fiscal year 2005 relates to lump sum payments made to terminated participants of the Defined Benefit Plan and is included in other operating expense in the consolidated statements of income.

The following are the assumptions used in developing the net periodic benefit cost and projected benefit obligation as of March 31, for the Defined Benefit Plan:

	March 31		
	2005	2004	2003
Net Periodic Benefit Cost Assumptions:			
Discount rate	6.5%	6.8%	7.0%
Rate of increase in compensation	4.0%	3.5%	3.5%
Expected return on plan assets	6.5%	6.8%	7.0%
Projected Benefit Obligation Assumptions:			
Discount rate	6.5%	6.5%	6.8%
Rate of increase in compensation	4.0%	4.0%	3.5%

The discount rate methodology is based on the yield on 10-year high quality investment securities in Australia adjusted to reflect the rates at which pension benefits could be effectively settled. The change in the discount rate used on the projected benefit obligation from 2003 to 2004 is a direct result of the change in yields of high quality investment securities over the same periods, adjusted to rates at which pension benefits could be effectively settled. The increase in the rate of increase in compensation under the projected benefit obligation assumption from 2003 to 2004 reflects an increase in the expected margin of compensation increases over price inflation. The decrease in the expected return on plan assets from 2004 to 2005 and from 2003 to 2004 is a result of lower expected after-tax rates of return. The expected return on plan assets assumption is determined by weighting the expected long-term return for each asset class by the target/actual allocation of assets to each class. The returns used for each class are net of investment tax and investment fees. Net unrecognized gains and losses are amortized over the average remaining service period of active employees. A market related value of assets is used to determine pension costs with the difference between actual and expected investment return each year recognized over 5 years.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following are the actuarial changes in the benefit obligation, changes in plan assets and the funded status of the Defined Benefit Plan:

	Years Ended March 31	
	2005	2004
	(Millions of US dollars)	
Changes in benefit obligation:		
Benefit obligation at April 1	$ 40.7	$ 38.5
Service cost	2.5	2.9
Interest cost	2.5	2.9
Plan participants' contributions	0.9	0.3
Actuarial loss (gain)	2.0	(1.5)
Benefits paid	(11.4)	(11.8)
Foreign currency translation	0.4	9.4
Benefit obligation at March 31	$ 37.6	$ 40.7
Changes in plan assets:		
Fair value of plan assets at April 1	$ 41.2	$ 37.7
Actual return on plan assets	4.7	3.0
Employer contributions	1.8	2.8
Participant contributions	0.9	0.3
Benefits paid	(11.4)	(11.8)
Foreign currency translation	0.5	9.2
Fair value of plan assets at March 31	$ 37.7	$ 41.2
Funded status	$ 0.1	$ 0.5
Unamortized prior service cost	—	0.1
Unrecognized actuarial loss	8.3	13.5
Net asset	$ 8.4	$ 14.1

The following table provides further details of the Defined Benefit Plan:

	Years Ended March 31	
	2005	2004
	(Millions of US dollars)	
Projected benefit obligation	$ 37.6	$ 40.7
Accumulated benefit obligation	37.6	40.6
Fair market value of plan assets	37.7	41.2

The Defined Benefit Plan measurement date is March 31, 2005. The Company expects to make contributions to the Defined Benefit Plan of approximately $1.8 million during fiscal year 2006.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following are the expected Defined Benefit Plan benefits to be paid in each of the following ten fiscal years:

	(Millions of US dollars)
Years Ending March 31:	
2006	$ 2.5
2007	2.6
2008	2.3
2009	2.3
2010	2.4
2011 - 2015	12.0
Estimated future benefit payments	$ 24.1

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Trade creditors	$ 65.3	$ 54.7
Other creditors and accruals	28.7	23.8
Total accounts payable and accrued liabilities	$ 94.0	$ 78.5

10. Short and Long-Term Debt

Long-term debt consists of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
US$ noncollateralized notes — current portion	$ 25.7	$ 17.6
US$ noncollateralized notes — long-term portion	121.7	147.4
Total debt at 7.12% average rate	$ 147.4	$ 165.0

The US$ non-collateralised notes form part of a seven tranche private placement facility which provides for maximum borrowings of $165.0 million. Principal repayments are due in seven instalments that commenced on November 5, 2004 and end on November 5, 2013. The tranches bear fixed interest rates of 6.86%, 6.92%, 6.99%, 7.05%, 7.12%, 7.24% and 7.42%. Interest is payable May 5, and November 5, each year. The first tranche of $17.6 million was repaid in November 2004.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At March 31, 2005, the following are the scheduled maturities of long-term debt for each of the next five years and in total thereafter:

	(Millions of US dollars)
Years Ending March 31:	
2006	$ 25.7
2007	27.1
2008	8.1
2009	46.2
2010	—
Thereafter	40.3
Total	$ 147.4

The Company has a short-term US$ line of credit which provides for maximum borrowings and foreign exchange facilities of $15.0 million. At March 31, 2005, the Company had drawn down $11.9 million on this line of credit. The line of credit can be repaid and redrawn until maturity in April and December 2005 ($7.5 million on each date). Interest is recalculated at the commencement of each draw-down period based on the 90-day Chilean Tasa Activa Bancaria ("TAB") rate plus a margin and is payable at the end of each draw-down period. At March 31, 2005 and 2004, the weighted average interest rate on outstanding borrowings under this facility was 3.52% and 3.24%, respectively.

The Company has an A$ denominated non-collateralised revolving loan facility, which can be repaid and redrawn until maturity in November 2006 and provides for maximum borrowings of A$200.0 million ($154.5 million). Interest is recalculated at the commencement of each draw-down period based on the US$ LIBOR or the average Australian bank bill rate plus the margins of individual lenders, and is payable at the end of each draw-down period. During the year ended March 31, 2005, the Company paid $0.5 million in commitment fees. At March 31, 2005, there was $154.5 million available under this revolving loan facility.

The Company has short-term non-collateralised stand-by loan facilities which provide for maximum borrowings of $132.5 million. At March 31, 2005, five out of six facilities or $117.5 million had a maturity date of April 30, 2005 and the sixth facility or $15.0 million had a maturity date of October 30, 2005. At March 31, 2005, the Company had not drawn down any of these facilities. Interest is recalculated at the commencement of each draw-down period based on either the US$ LIBOR or the average A$ bank bill bid rate plus the margins of the individual lenders and is payable at the end of each draw-down period. During the year ended March 31, 2005, the Company paid $0.3 million in commitment fees.

Historically, the Company has sought to renew its lines of credit, revolving loan and stand-by loan facilities each year under substantially the same terms and conditions. The Company is currently in negotiations with a number of banks to refinance all of its debt in a manner that provides the Company with the same amount of liquidity. However, in light of the events resulting from the Special Commission of Inquiry (see Note 13), the Company may not be able to refinance its debt facilities by the time they expire or at all. The Company may not be able to enter into new debt financing agreements on terms that provide the same level of liquidity as its current debt structure provides. Also, the company may have to agree to other terms that could increase the cost of having these debt facilities in place.

Subsequent to March 31, 2005, $117.5 million of the US$ stand-by loan facilities are not available to the Company during refinancing negotiations. Also, the short-term US$ line of credit that matured in April 2005 was renewed through March 2006.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a consequence of the completion of the sale of the Gypsum business on April 25, 2002, the Company was technically not in compliance as of that date with certain pre-approval covenants of its US$ non-collateralised note agreements totaling $225.0 million. Effective December 23, 2002, the note purchase agreement was amended to, among other matters, modify these covenants to remove the technical non-compliance caused by the sale of the Gypsum business. In connection with such amendment, the Company prepaid $60.0 million in principal amount of notes. As a result of the early retirement, the Company incurred a $9.9 million make-whole payment charge. The make-whole payment was charged to interest expense during the year ended March 31, 2003.

At March 31, 2005, management believes that the Company was in compliance with all restrictive covenants contained in the non-collateralized notes, revolving loan facility and the stand-by credit facility agreements. Under the most restrictive of these covenants, the Company is required to maintain certain ratios of debt to equity and net worth and levels of earnings before interest and taxes and has limits on how much it can spend on an annual basis in relation to asbestos payments to either Amaca Pty Ltd (formerly James Hardie & Coy Pty Ltd) ("Amaca"), Amaba Pty Ltd (formerly Jsekarb Pty Ltd) ("Amaba") or ABN 60 Pty Ltd ("ABN 60").

11. Non-Current Other Liabilities

Non-current other liabilities consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Non-current other liabilities:		
Employee entitlements	$ 5.3	$ 13.5
Product liability	4.7	5.6
Other	51.7	63.2
Total non-current other liabilities	$ 61.7	$ 82.3

12. Product Warranties

The Company offers various warranties on its products, including a 50-year limited warranty on certain of its fiber cement siding products in the United States. A typical warranty program requires that the Company replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty related costs based on an analysis of actual historical warranty costs as they relate to sales. Based on this analysis and other factors, the adequacy of the Company's warranty provisions are adjusted as necessary. While the Company's warranty costs have historically been within its calculated estimates, it is possible that future warranty costs could exceed those estimates.

Additionally, the Company includes in its accrual for product warranties amounts for a Class Action Settlement Agreement (the "Settlement Agreement") related to its previous roofing product, which is no longer manufactured in the United States. On February 14, 2002, the Company signed the Settlement Agreement for all product, warranty and property related liability claims associated with its previously manufactured roofing products. These products were removed from the marketplace between 1995 and 1998 in areas where there had been any alleged problems. Consequently, the Company recorded a pre-tax charge of $12.6 million in fiscal year 2002 comprised of $11.5 million to cover the estimated cost of the settlement and the estimated cost of any other pending claims or lawsuits remaining which are not covered by the settlement and $1.1 million of other costs related to the Settlement Agreement. The total amount included in the product

warranty provision relating to the Settlement Agreement is $5.8 million and $4.7 million as of March 31, 2005 and 2004, respectively.

The following are the changes in the product warranty provision:

	March 31	
	2005	2004
	(Millions of US dollars)	
Balance at beginning of period	$ 12.0	$ 14.8
Accruals for product warranties	4.3	2.2
Settlements made in cash or in kind	(3.4)	(5.7)
Foreign currency translation adjustments	—	0.7
Balance at end of period	$ 12.9	$ 12.0

The "Accruals for product warranties" line item above includes an additional accrual of $2.0 million for the year ended March 31, 2005 related to the Settlement Agreement. This increase reflects the results of the Company's most recent estimate of its total exposure. The "Settlements made in cash or in kind" line item above includes settlements related to the Settlement Agreement of $0.9 million and $4.4 million for the years ended March 31, 2005 and 2004, respectively.

13. Commitments and Contingencies

Claims Against Former Subsidiaries

Amaca Pty Ltd, Amaba Pty Ltd and ABN 60

In February 2001, ABN 60, formerly known as James Hardie Industries Limited ("JHIL"), established the Medical Research and Compensation Foundation (the "Foundation") by gifting A$3.0 million ($1.7 million) in cash and transferring ownership of Amaca and Amaba to the Foundation. The Foundation is a special purpose charitable foundation established to fund medical and scientific research into asbestos-related diseases. Amaca and Amaba were Australian companies which had manufactured and marketed asbestos-related products prior to 1987.

The Foundation is managed by independent trustees and operates entirely independently of the Company and its current subsidiaries. The Company does not control (directly or indirectly) the activities of the Foundation in any way and, effective from February 16, 2001, has not owned, or controlled (directly or indirectly) the activities of Amaca or Amaba. In particular, the trustees of the Foundation are responsible for the effective management of claims against Amaca and Amaba, and for the investment of Amaca's and Amaba's assets. Other than the offers to provide interim funding to the Foundation and the indemnity to the directors of ABN 60 referred to later in this footnote, the Company has no commitment to or interest in the Foundation, Amaca or Amaba, and it has no right to dividends or capital distributions made by the Foundation.

On March 31, 2003, the Company transferred control of ABN 60 to a newly established company named ABN 60 Foundation Pty Ltd ("ABN 60 Foundation"). ABN 60 Foundation was established to be the sole shareholder of ABN 60 and to ensure that ABN 60 meets payment obligations to the Foundation owed under the terms of a deed of covenant and indemnity described below. Following the establishment of the ABN 60 Foundation, the Company no longer owned any shares in ABN 60. ABN 60 Foundation is managed by independent directors and operates entirely independently of the Company. The Company does not control the activities of ABN 60 or ABN 60 Foundation in any way, it has no economic interest in ABN 60 or ABN 60 Foundation, and it has no right to dividends or capital distributions made by the ABN 60 Foundation.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Up to the date of the establishment of the Foundation, Amaca and Amaba incurred costs of asbestos-related litigation and settlements. From time to time, ABN 60 was joined as a party to asbestos suits which were primarily directed at Amaca and Amaba. Because Amaca, Amaba and ABN 60 are no longer a part of the Company, and all relevant claims against ABN 60 had been successfully defended, no provision for asbestos-related claims was established in the Company's consolidated financial statements at March 31, 2005 and 2004.

It is possible that the Company could become subject to suits for damages for personal injury or death in connection with the former manufacture or sale of asbestos products that are or may be filed against Amaca, Amaba or ABN 60. However, as described further below, the ability of any claimants to initiate or pursue such suits may be restricted or removed by legislation which the New South Wales ("NSW") Government has agreed to contemplate following the Company's entry into a Heads of Agreement, also described further below. Although it is difficult to predict the incidence or outcome of future litigation, the Company believes that, in the absence of governmental action introducing legislation or a change in jurisprudence as previously adopted in prior case law before the NSW Supreme Court and Federal High Court, as more fully described below, the risk that such suits could be successfully asserted against the Company is not probable and estimable at this time. This belief is based in part on the fact that, following the transfers of Amaca and Amaba to the Foundation and of ABN 60 to the ABN 60 Foundation: none of those companies are part of the Company; the separateness of corporate entities under Australian law; the limited circumstances where "piercing the corporate veil" might occur under Australian and Dutch law; there is no equivalent under Australian common law of the US legal doctrine of "successor liability," and because JHI NV has been advised that the principle applicable under Dutch law, to the effect that transferees of assets may be held liable for the transferor's liabilities when they acquire assets at a price that leaves the transferor with insufficient assets to meet claims, is not triggered by those transfers of Amaca, Amaba and ABN 60 or the restructure of the Company in 2001 or previous group transactions. The courts in Australia have generally refused to hold parent entities responsible for the liabilities of their subsidiaries absent any finding of fraud, agency, direct operational responsibility or the like. However, if suits are made possible and/or successfully brought, they could have a material adverse effect on the Company's business, results of operations or financial condition.

During the year ended March 31, 2005, James Hardie has not been a party to any material asbestos litigation and has not made any settlement payments in relation to such litigation.

Special Commission of Inquiry

On October 29, 2003, the Foundation issued a press release stating that its "most recent actuarial analysis estimates that the compensation bill for the organization could reach one billion Australian dollars in addition to those funds already paid out to claimants since the Foundation was formed and that existing funding could be exhausted within five years." In February 2004, the NSW Government established a Special Commission of Inquiry ("SCI") to investigate, among other matters described below, the circumstances in which the Foundation was established. The SCI was instructed to determine the current financial position of the Foundation and whether it is likely to meet its future asbestos-related claims in the medium to long-term. It was also instructed to report on the circumstances in which the Foundation was separated from ABN 60 and whether this may have resulted in or contributed to a possible insufficiency of assets to meet future asbestos-related liabilities, and the circumstances in which any corporate restructure or asset transfers occurred within or in relation to the James Hardie Group prior to the funding of the Foundation to the extent that this may have affected the Foundation's ability to meet its current and future liabilities. The SCI was also instructed to report on the adequacy of current arrangements available to the Foundation under the Corporations Act of Australia to assist the Foundation in managing its liabilities and whether reform is desirable in order to assist the Foundation in managing its obligations to current and future claimants.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 14, 2004, following the receipt of a new actuarial estimate of asbestos liabilities of the Foundation by KPMG Actuaries Pty Ltd ("KPMG Actuaries"), the Company lodged a submission with the SCI stating that the Company would recommend to its shareholders that they approve the provision of an unspecified amount of additional funding to enable an effective statute-based scheme to compensate all future claimants for asbestos-related injuries for which Amaca and Amaba are liable. The Company proposed that the statutory scheme include the following elements: speedy, fair and equitable compensation for all existing and future claimants; objective criteria to reduce superimposed (judicial) inflation; contributions to be made in a manner which provide certainty to claimants as to their entitlement, the scheme administrator as to the amount available for distribution, and the proposed contributors (including the Company) as to the ultimate amount of their contributions; significant reductions in legal costs through reduced and more abbreviated litigation; and limitation of legal avenues outside of the scheme. The submission stated that the proposal was made without any admission of liability or prejudice to the Company's rights or defenses.

The SCI finished taking evidence on August 13, 2004 and issued its report on September 21, 2004. The SCI indicated that the establishment of the Foundation and the establishment of the ABN 60 Foundation were legally effective, that any liabilities in relation to the asbestos claims for claimants remained with Amaca, Amaba or ABN 60 (as the case may be), and that no significant liabilities for those claims could likely be assessed directly against the Company.

In relation to the assertions by the Foundation concerning the circumstances of its establishment, the SCI examined these in detail. Although the SCI made certain adverse findings against Mr. Macdonald (former CEO) and Mr. Shafron (former CFO), it did not find that their conduct caused any material loss to the Foundation or the asbestos claimants which would create a cause of action against, and therefore a material liability of the Company or would lead to any of the restructuring arrangements being reversed. Indeed, the SCI specifically noted that there were significant hurdles, which might be insuperable, to establishing any liability in respect of these claims against the Company, ABN 60 or their respective directors, and that, even if liability were established, there were further hurdles which might prove to be insuperable against any substantial recovery or remedy by such potential claimants in respect of them.

In relation to the question of the funding of the Foundation, the SCI found that there was a significant funding shortfall. In part, this was based on actuarial work commissioned by the Company indicating that the discounted value of the central estimate of the asbestos liabilities of Amaca and Amaba was approximately A$1.573 billion as of June 30, 2003. The central estimate was calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States. As of June 30, 2003, the undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba, as determined by KPMG Actuaries, was approximately A$3.403 billion ($2.272 billion). The SCI found that the net assets of the Foundation and the ABN 60 Foundation were not sufficient to meet these prospective liabilities and were likely to be exhausted in the first half of 2007.

In relation to the Company's statutory scheme proposal, the SCI reported that there were several issues that needed to be refined quite significantly but that it would be an appropriate starting point for devising a compensation scheme.

The SCI's findings are not binding and a court consideration of the issues presented could lead to one or more different conclusions.

The NSW Government stated that it would not consider assisting the implementation of any proposal advanced by the Company unless it was the result of an agreement reached with the unions acting through the Australian Council of Trade Unions ("ACTU"), UnionsNSW (formerly known as the Labor Council of New South Wales), and a representative of the asbestos claimants (together, the "Representatives"). Without any discussion with the Company, the statutory scheme that the Company proposed on July 14, 2004 was not accepted by the Representatives.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company believes that, except to the extent that it agrees otherwise as a result of these discussions with the NSW Government and as discussed later in this footnote under the subheading *Interim Funding and ABN 60 Indemnity*, under current Australian law, it is not legally liable for any shortfall in the assets of Amaca, Amaba, the Foundation, the ABN 60 Foundation or ABN 60.

It is also possible that the Representatives and/or others may encourage or continue to encourage consumers and union members in Australia and elsewhere to boycott the Company's products, to demonstrate or otherwise create negative publicity toward the Company in order to influence the Company's approach to the discussions with the NSW Government or to encourage governmental action if the discussions are unsuccessful. The Representatives and/or others might also take such actions in an effort to influence the Company's shareholders, a significant number of which are located in Australia, to approve any proposed arrangement. Any such measures, and the influences resulting from them, could have a material adverse impact on the Company's financial position, results of operations and cash flows.

On October 28, 2004, the NSW Premier announced that the NSW Government would seek the agreement of the Ministerial Council comprising Ministers of the Commonwealth and the Australian States and Territories, to allow the NSW Government to pass legislation which he announced would "wind back James Hardie's corporate restructure and rescind the cancellation of A$1.9 billion in partly paid shares." The announcement said that "the laws will effectively enforce the liability [for asbestos-related claims] against the Dutch parent company." On November 5, 2004, the Australian Attorney-General and the Parliamentary Secretary to the Treasurer (the two relevant ministers of the Australian Federal Government) issued a news release stating that the Ministerial Council for Corporations (the relevant body of Federal, State and Territory Ministers, "MINCO") had unanimously agreed "to support a negotiated settlement that will ensure that victims of asbestos-related diseases receive full and timely compensation from James Hardie" and if "the current negotiations between James Hardie, the ACTU and asbestos victims do not reach an acceptable conclusion, MINCO also agreed in principle to consider options for legislative reform." The news release of November 5, 2004 indicated that treaties to enforce Australian judgments in Dutch and U.S. courts are not required, but that the Australian Government has been involved in communications with Dutch and U.S. authorities regarding arrangements to ensure that Australian judgments are able to be enforced where necessary. If negotiations do not lead to an acceptable conclusion, the Company is aware of suggestions of legislative intervention, but has no detailed information as to the content of any such legislation.

Heads of Agreement

On December 21, 2004, the Company announced that it had entered into a non-binding Heads of Agreement with the NSW Government and the Representatives which is expected to form the basis of a proposed binding agreement (the "Principal Agreement") to establish and fund a special purpose fund (the "SPF") to provide funding on a long-term basis for asbestos-related injury and death claims (the "Claims") against Amaca, Amaba, and ABN 60 (the "Liable Entities").

The principles set out in the Heads of Agreement include:

- the establishment of the SPF to compensate asbestos claimants;
- initial funding of the SPF by the Company on the basis of a November 2004 KPMG report (which provided a net present value central estimate of A$1.536 billion ($1.03 billion) for all present and future claims at June 30, 2004). The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined by KPMG was approximately A$3.586 billion ($2.471 billion). At December 21, 2004, the initial funding for the first three years was expected to be A$239 million (based on KPMG's estimate of liabilities as of June 30, 2004) less the assets to be contributed by the Foundation which were expected to be approximately A$125 million. The actuarial assessment is to be updated annually;

- a two year rolling cash buffer in the SPF and an annual contribution in advance based on actuarial assessments of expected claims for the next three years, to be revised annually;
- a cap on the annual payments made by the Company to the SPF, initially set at 35% of annual net operating cash flow (defined as cash from operations in accordance with U.S. GAAP) for the immediately preceding year, with provisions for the percentage to decline over time depending upon the Company's financial performance and claims outlook; and
- no cap on individual payments to Claimants.

The Heads of Agreement contains an agreement from the NSW Government to provide releases to the James Hardie Group and to its present and past directors, officers and employees from all civil liabilities (if any) incurred prior to the date of the Principal Agreement in relation to the events and transactions examined by the SCI. These releases will take the form of legislation to be passed by the NSW Parliament and other state and territory parliaments in Australia (and the Commonwealth Parliament) will be approached by the Company and the NSW Government to pass similar legislation.

As noted above, the NSW Government conducted a review of legal and administrative costs in dust diseases compensation in New South Wales. The purpose of this review was primarily to determine ways to reduce legal and administrative costs, and to consider the current processes for handling and resolving dust diseases compensation claims in New South Wales. The NSW Government announced its findings on March 8, 2005. The draft legislation and regulations for public comment were released on April 12, 2005 for comment and the closing date for responses of April 26, 2005. The bill containing the proposed legislation was introduced into NSW Parliament on May 5, 2005, and is due to be debated in the week commencing May 23, 2005. The timing of passing and commencement of this potential legislation remains uncertain.

As part of the discussions surrounding the Principal Agreement, the Company is examining all relevant options in relation to the establishment of the SPF referred to above, including the possibility of reacquiring all of the share capital of Amaca, Amaba and/or ABN 60.

The Principal Agreement will be subject to a number of conditions precedent, including the delivery of an independent expert's report and approval by the Company's board of directors, shareholders and lenders. Once executed, the Principal Agreement will be a legally binding agreement.

The parties have announced their intention to execute the Principal Agreement, depending on the timing of the resolution of certain of the conditions precedent in late June 2005. The parties believe that the agreement will become effective in August or September 2005, although the timing remains uncertain depending upon the status of the various conditions that need to be satisfied.

If an agreement is reached with the NSW Government and approved by the Company's board of directors, lenders and shareholders, the Company may be required to make a substantial provision in its financial statements at a later date, and it is possible that the Company may need to seek additional borrowing facilities. If the terms of a future resolution involve the Company making payments, either on an annual or other basis, pursuant to the Principal Agreement, James Hardie's financial position, results of operations and cash flows could be materially adversely affected and its ability to pay dividends could be reduced or otherwise impaired.

Updated Actuarial Study; Claims Estimate

The Company commissioned updated actuarial studies of potential asbestos-related liabilities as of June 30, 2004 and March 31, 2005. Based on the results of these studies, it is estimated that the discounted value of the central estimate for claims against the Liable Entities was approximately A$1.536 billion ($1.059 billion) and A$1.685 billion ($1.302 billion) as of June 30, 2004 and March 31, 2005, respectively. The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined

by KPMG Actuaries was approximately A$3.586 billion ($2.471 billion) and A$3.604 billion ($2.784 billion) as of June 30, 2004 and March 31, 2005, respectively. Actual liabilities of those companies for such claims could vary, perhaps materially, from the central estimate described above. This central estimate is calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States.

In estimating the potential financial exposure, the actuaries made assumptions related to the total number of claims which were reasonably estimated to be asserted through 2071, the typical cost of settlement (which is sensitive to, among other factors, the industry in which the plaintiff claims exposure, the alleged disease type and the jurisdiction in which the action is being brought), the legal costs incurred in the litigation of such claims, the rate of receipt of claims, the settlement strategy in dealing with outstanding claims and the timing of settlements.

Further, the actuaries have relied on the data and information provided by the Foundation and Amaca Claim Services and assumed that it is accurate and complete in all material respects. The actuaries have not verified that information independently nor established the accuracy or completeness of the data and information provided or used for the preparation of the report.

Due to inherent uncertainties in the legal and medical environment, the number and timing of future claim notifications and settlements, the recoverability of claims against insurance contracts; and in estimating the future trends in average claim awards as well as the extent to which the above-named entities will contribute to the overall settlements, the actual liability amount could differ materially from that currently projected.

A sensitivity analysis has been performed to determine how the actuarial estimates would change if certain assumptions (i.e., the rate of inflation and superimposed inflation, the average costs of claims and legal fees, and the projected numbers of claims) were different than the assumptions used to determine the central estimates. This analysis shows that the discounted central estimates could fall in a range of A$1.0 billion to A$2.3 billion (undiscounted estimates of A$2.0 billion to A$5.7 billion) and A$1.1 billion to A$2.6 billion (undiscounted estimates of A$2.0 billion to A$5.9 billion) as of June 30, 2004 and March 31, 2005, respectively. It should be noted that the actual cost of the liabilities could fall outside of that range depending on the out-turn of actual experience relative to the assumptions made.

The potential range of costs as estimated by KPMG Actuaries is affected by a number of variables such as nil settlement rates (where no settlement is payable by the Liable Entities as the claim settlement is borne by other (non-Liable Entities) asbestos defendants who are held liable), peak year of claims, past history of claims numbers, average settlement rates, past history of Australian asbestos-related medical injuries, current number of claims, average defence and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims. While no assurances can be provided, if the Company signs the Principal Agreement and it is approved by all of the necessary parties, including the board of directors, shareholders and lenders, the Company expects to be able to partially recover losses from various insurance carriers. As of March 31, 2005, KPMG Actuaries' undiscounted central estimate of asbestos-related liabilities was A$3.604 billion. This undiscounted central estimate is net of expected insurance recoveries of A$453.0 million after making a general credit risk allowance for bad debt of insurance carriers and an allowance for A$49.8 million of "by claim" or subrogation recoveries from other third parties.

Currently, the timing of any potential payments is uncertain because the Company has not yet reached agreement with the NSW Government and the conditions precedent to any agreement that may be reached have not been satisfied. In addition, the Company has not yet incurred any settlement costs because the Foundation continues to meet all claims of the Liable Entities. The Company is currently unable to estimate the expected cost of administering and litigating the claims under the potential agreement with the NSW

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Government because this is highly contingent upon the final outcome of the NSW Government's review of legal and administrative costs.

Accordingly, the Company has not established a provision for asbestos-related liabilities as of March 31, 2005 because at this time it is not probable and estimable in accordance with SFAS No. 5, "Accounting for Contingencies."

Claims Data

The following table, provided by KPMG Actuaries, shows the number of claims pending as of March 31, 2005 and 2004.

	March 31	
	2005	2004
Australia	712	687
New Zealand	—	—
Unknown-Court Not Identified(1)	36	51
USA	1	5

(1) The "Unknown — Court Not Identified" designation reflects that the information for such claims had not been, as of the date of publication, entered into the database which the Foundation maintains. Over time, as the details of "unknown" claims are provided to the Foundation, the Company believes the database is updated to reflect where such claims originate. Accordingly, the Company understands the number of unknown claims pending fluctuates due to the resolution of claims as well as the reclassification of such claims.

For the years ended March 31, 2005, 2004 and 2003, the following tables, provided by KPMG Actuaries, show the claims filed, the number of claims dismissed, settled or otherwise resolved for each period, and the average settlement amount per claim.

Australia

	Years Ended March 31		
	2005	2004	2003
Number of claims filed	489	379	402
Number of claims dismissed	62	119	29
Number of claims settled or otherwise resolved	402	316	231
Average settlement amount per claim	A $157,594	A$ 167,450	A$ 204,194

New Zealand

	Years Ended March 31		
	2005	2004	2003
Number of claims filed	—	—	—
Number of claims dismissed	—	—	2
Number of claims settled or otherwise resolved	—	—	1
Average settlement amount per claim	—	—	A $2,000

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Unknown — Court Not Identified

	Years Ended March 31		
	2005	2004	2003
Number of claims filed	7	1	7
Number of claims dismissed	20	15	—
Number of claims settled or otherwise resolved	2	—	3
Average settlement amount per claim	A $47,000	—	A $37,090

USA

	Years Ended March 31		
	2005	2004	2003
Number of claims filed	—	—	—
Number of claims dismissed	3	1	—
Number of claims settled or otherwise resolved	1	—	—
Average settlement amount per claim	A $228,293	—	—

The following table, provided by KPMG Actuaries, shows the activity related to the numbers of open claims, new claims, and closed claims during each of the past five years and the average settlement per settled claim and case closed.

	As of March 31				
	2005	2004	2003	2002	2001
Number of open claims at beginning of year	743	814	671	569	507
Number of new claims	496	380	409	375	284
Number of closed claims	490	451	266	273	222
Number of open claims at year-end	749	743	814	671	569
Average settlement amount per settled claim	A$ 157,223	A$ 167,450	A$ 201,200	A$ 197,941	A$ 179,629
Average settlement amount per case closed	A$ 129,949	A$ 117,327	A$ 177,752	A$ 125,435	A$ 128,653

The Company has not had any responsibility or involvement in the management of claims against ABN 60 since the time it left the James Hardie Group in 2003. Since February 2001, when Amaca and Amaba were separated from the James Hardie Group neither JHI NV nor any current subsidiary of JHI NV has had any responsibility or involvement in the management of claims against those entities. Prior to that date, the principal entity potentially involved in relation to such claims was ABN 60, which (as described above) has not been a member of the James Hardie Group since March 2003.

On April 15, 2005, the Company announced that it had extended the coverage of the SPF to permit members of the Baryugil community in Australia to receive compensation funding from the SPF for proven and valid claims against a former subsidiary, Asbestos Mines Pty Ltd ("Asbestos Mines"). The Company has no current right to access any claims information in relation to claims against Asbestos Mines. The Company's proposal to provide funding with respect to claims against Asbestos Mines is not limited to the time period to which the claim arose — including the period after the former subsidiary was sold by James Hardie.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's recently announced offer to provide funding to the SPF for use in meeting proven claims against Asbestos Mines will be implemented subject to the same or similar conditions applicable to funding provided to the SPF for use in meeting proven claims from Amaca, Amaba and ABN 60, including that information in relation to the proven claims is provided to the Company. Asbestos Mines has not been part of the James Hardie Group since 1976, when it was sold to Woodsreef Mines Ltd, which was subsequently renamed Mineral Commodities Ltd. From 1954 until 1976, Asbestos Mines was a wholly owned subsidiary of James Hardie Industries Limited (now ABN 60). Except as described below, the Company has not had access to any information regarding claims or the decisions taken by the Foundation in relation to them.

On October 26, 2004, the Company, the Foundation and KPMG Actuaries entered into an agreement under which the Company would be entitled to obtain a copy of the actuarial report prepared by KPMG Actuaries in relation to the claims liabilities of the Foundation and Amaba and Amaca, and would be entitled to publicly release the final version of such reports. The Company is seeking to obtain similar rights of access to actuarial information produced for the SPF by the actuary to be appointed by the SPF (the "Approved Actuary"). The terms of such access are not yet settled. The Company's future disclosures with respect to claims statistics is subject to it obtaining such information from the Approved Actuary. The Company has had no general right (and will not obtain any right under the Principal Agreement) to audit or otherwise itself independently verify such information as the methodologies to be adopted by the Approved Actuary. As a result of the above, the Company cannot make any representations or warranties as to the accuracy or completeness of the actuarial information to be disclosed.

SCI and Other Related Expenses

The Company has incurred substantial costs associated with the SCI and may incur material costs in the future related to the SCI or subsequent legal proceedings. The following are the components of SCI and other related expenses:

	Year Ended March 31 2005
	(Millions of US dollars)
SCI	$ 6.8
Internal investigation	4.9
ASIC investigation	1.2
Severance and consulting	6.0
Resolution advisory fees	6.4
Funding advice and other	2.8
Total SCI and other related expenses	$ 28.1

Internal investigation costs relate to an internal investigation conducted by independent legal advisors to investigate the impact on the financial statements of allegations raised during the SCI and in order to assist in completion of the preparation and filing of the Company's Form 20-F in the United States for the year ended March 31, 2004.

Australian Securities and Investments Commission Investigation

The Australian Securities and Investments Commission ("ASIC") has announced that it is conducting an investigation into the events examined by the SCI, without limiting itself to the evidence compiled by the SCI. ASIC has served notices to produce relevant documents upon the Company, various directors and officers of the Company and on certain of its advisers and auditors at the time of the separation and

restructure transactions described above. To date, ASIC has announced that it is investigating various matters, but it has not specified the particulars of alleged contraventions under investigation, nor has it announced that it has reached any conclusion that any person or entity has contravened any relevant law.

To assist ASIC's investigation, the Australian Federal Government enacted legislation to abrogate the legal professional privilege which would otherwise have attached to certain documents relevant to matters under investigation or to any future proceedings to be taken. The legislation is set out in the James Hardie (Investigations and Proceedings) Act 2004.

The Company may incur costs of current or former officers of the James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the Company to those persons. To date, no claims have been received by any current or former officers in relation to the ASIC investigation and, if claims do arise, the Company may be reimbursed in whole or in part under directors' and officers' insurance policies maintained by the Company.

Severance Agreements

On October 20, 2004, Mr. Peter Shafron resigned from the Company and on October 21, 2004, Mr. Peter Macdonald resigned from the Company. In connection with these resignations, the Company incurred severance costs of $8.9 million in the period ended March 31, 2005. These costs comprised $6.0 million of additional expense and $2.9 million of previously existing accruals.

Interim Funding and ABN 60 Indemnity

The Company has undertaken a number of initiatives to seek to ensure that payment of asbestos-related Claims by the Foundation is not interrupted due to insolvency of Amaba or Amaca prior to the Company's entry into the Principal Agreement. The initiatives are described further below. The Company believes that the Foundation is unlikely to need to avail itself of the financial assistance which has been offered by the Company, on the basis that on December 3, 2004 and in part as a result of the initiatives undertaken by the Company, the Foundation received a payment of approximately A$88.5 million from ABN 60 for use in processing and meeting asbestos-related claims pursuant to the terms of a deed of covenant and indemnity which ABN 60, Amaca and Amaba had entered into in February 2001.

The Company facilitated the payment of such funds by granting an indemnity (under a separate deed on indemnity) to the directors of ABN 60, which it announced on November 16, 2004. Under the terms of that indemnity, the Company agreed to meet any liability incurred by the ABN 60 directors resulting from the release of the A$88.5 million by ABN 60 to the Foundation. The Company believes that the release of funding by ABN 60 is in accordance with law and contracts in place and therefore the Company should not incur liability under this indemnity. The Company did not make any payments in relation to this indemnity during the year ended March 31, 2005.

Additionally, on November 16, 2004, the Company offered to provide funding to the Foundation on an interim basis for a period of up to six months from that date. Such funding would only be provided once existing Foundation funds have been exhausted. The Company believes, based on actuarial and legal advice, that claims against the Foundation should not exceed the funds which are available to the Foundation (particularly in the light of its receipt of the A$88.5 million described above) or which are expected to become available to the Foundation during the period of the interim funding proposal.

On March 31, 2005, the Company renewed its commitment to assist the Foundation to provide interim funding, if necessary, prior to the Principal Agreement being finalized in accordance with the updated timetable announced at that date and described above.

The Company has not recorded a provision for either the proposed indemnity or the potential payments under the interim funding proposal. The Company has not made any payments in relation to this offer.

With regard to the ABN 60 indemnity, there is no maximum value or limit on the amount of payments that may be required. As such, the Company is unable to disclose a maximum amount that could be required to be paid. The Company believes, however, that the expected value of any potential future payments resulting from the ABN 60 indemnity is zero and that the likelihood of any payment being required under this indemnity is remote.

Financial Position of the Foundation

On the basis of the current cash and financial position of the Foundation's subsidiaries (Amaca and Amaba) and following the Company's entry into the Heads of Agreement, the applications previously made to the Supreme Court of NSW for the appointment of a provisional liquidator to the Foundation's subsidiaries, were dismissed with their consent.

Environmental and Legal

The operations of the Company, like those of other companies engaged in similar businesses, are subject to various federal, state and local laws and regulations on air and water quality, waste handling and disposal. The Company's policy is to accrue for environmental costs when it is determined that it is probable that an obligation exists and the amount can be reasonably estimated. In the opinion of management, based on information presently known, the ultimate liability for such matters should not have a material adverse effect on either the Company's consolidated financial position, results of operations or cash flows.

The Company is involved from time to time in various legal proceedings and administrative actions incidental or related to the normal conduct of its business. Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on either its consolidated financial position, results of operations or cash flows.

The Company believes that future legal costs related to the Company's negotiations toward a Principal Agreement are reasonably possible, but the amount of such costs cannot be estimated at this time. The Company does not expect any additional legal costs to be incurred in connection with the SCI.

Gypsum Business

Under the terms of the Company's agreement to sell its Gypsum business to BPB US Holdings, Inc., the Company agreed to customary indemnification obligations related to its representations and warranties in the agreement. The Company's indemnification obligation generally extends for two years from the closing date of April 25, 2002 and arises only if claims exceed $5 million in the aggregate and is limited to $100 million in the aggregate. This obligation expired April 25, 2004. In addition, the Company agreed to indemnify BPB U.S. Holdings, Inc. for any future liabilities arising from asbestos-related injuries to persons or property. Although the Company is not aware of any asbestos-related claims arising from the Gypsum business, nor circumstances that would give rise to such claims, under the sale agreement, the Company's obligation to indemnify the purchaser for liabilities arising from asbestos-related injuries arises only if such claims exceed $5 million in the aggregate, is limited to $250 million in the aggregate and will continue for 30 years after the closing date of the sale of the Gypsum business.

Pursuant to the terms of the Company's agreement to sell its Gypsum business, the Company also retained responsibility for any losses incurred by the purchaser resulting from environmental conditions at the Duwamish River in Washington state so long as notice of a claim is given within 10 years of closing. The Company's indemnification obligations are subject to a $34.5 million limitation. The Seattle gypsum facility

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

had previously been included on the "Confirmed and Suspected Contaminate Sites Report" released in 1987, prior to the Company's ownership, due to the presence of metals in the groundwater. Because the Company believes the metals found emanated from an offsite source, the Company does not believe it is liable for, and has not been requested to conduct, any investigation or remediation relating to the metals in the groundwater.

Operating Leases

As the lessee, the Company principally enters into property, building and equipment leases. The following are future minimum lease payments for non-cancellable operating leases having a remaining term in excess of one year at March 31, 2005:

	(Millions of US dollars)
Years Ending March 31:	
2006	$ 11.7
2007	10.8
2008	10.6
2009	9.7
2010	9.7
Thereafter	81.3
Total	$ 133.8

Rental expense amounted to $9.1 million, $8.1 million and $9.0 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Capital Commitments

Commitments for the acquisition of plant and equipment and other purchase obligations, primarily in the United States, contracted for but not recognized as liabilities and generally payable within one year, were $50.2 million at March 31, 2005.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. Income Taxes

The income tax (expense) benefit includes income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. The income tax expense for continuing operations consists of the following components:

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Income from continuing operations before income taxes:			
Domestic(1)	$ 90.5	$ 103.5	$ 38.6
Foreign	99.3	62.2	71.0
Income from continuing operations before income taxes:	$ 189.8	$ 165.7	$ 109.6
Income tax (expense) benefit:			
Current:			
Domestic(1)	$ (14.1)	$ (6.7)	$ (7.0)
Foreign	(37.1)	(20.4)	1.3
Current income tax expense	(51.2)	(27.1)	(5.7)
Deferred:			
Domestic(1)	5.0	(3.9)	0.1
Foreign	(15.7)	(9.4)	(20.5)
Deferred income tax expense	(10.7)	(13.3)	(20.4)
Total income tax expense for continuing operations	$ (61.9)	$ (40.4)	$ (26.1)

(1) Since JHI NV is the Dutch parent holding company, domestic represents The Netherlands.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The income tax (expense) benefit computed at the statutory rates represents taxes on income applicable to all jurisdictions in which the Company conducts business, calculated as the statutory income tax rate in each jurisdiction multiplied by the pre-tax income attributable to that jurisdiction. The income tax expense from continuing operations is reconciled to the tax at the statutory rates as follows:

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Income tax expense computed at statutory tax rates	$ (65.3)	$ (60.7)	$ (37.2)
U.S. state income taxes, net of the federal benefit	(5.3)	(0.2)	(1.2)
Benefit from Dutch financial risk reserve regime	18.1	24.8	11.9
Expenses not deductible	(2.3)	(2.5)	(4.7)
Non-assessable items	—	1.3	—
Losses not available for carryforward	(2.4)	—	(1.4)
Taxes related to 2001 Reorganization	—	—	3.5
Net operating losses brought back to account	—	—	13.0
Increase in reserves	(3.7)	—	(10.0)
Result of tax audits	—	(3.9)	—
Other items	(1.0)	0.8	—
Total income tax expense	$ (61.9)	$ (40.4)	$ (26.1)
Effective tax rate	32.6%	24.4%	23.8%

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred tax balances consist of the following components:

	March 31	
	2005	2004
	(Millions of US dollars)	
Deferred tax assets:		
Provisions and accruals	$ 29.0	$ 18.3
Net operating loss carryforwards	12.8	14.6
Capital loss carryforwards	33.7	33.2
Prepaid interest	—	16.6
Taxes on intellectual property transfer	7.5	8.7
Other	—	0.3
Total deferred tax assets	83.0	91.7
Valuation allowance	(38.1)	(37.7)
Total deferred tax assets net of valuation allowance	44.9	54.0
Deferred tax liabilities:		
Property, plant and equipment	(86.9)	(76.3)
Prepaid pension cost	(2.5)	(4.2)
Foreign currency movements	2.8	(1.1)
Prepayments	2.5	—
Other	—	(0.9)
Total deferred tax liabilities	(84.1)	(82.5)
Total deferred taxes, net	$ (39.2)	$ (28.5)

Under SFAS No. 109, "Accounting for Income Taxes," the Company establishes a valuation allowance against a deferred tax asset if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company has established a valuation allowance pertaining to a portion of its Australian net operating loss carryforwards and all of its Australian capital loss carryforwards. The valuation allowance increased by $0.4 million during the year primarily due to foreign currency movements.

At March 31, 2005, the Company had Australian tax loss carryforwards of approximately $30.6 million that will never expire. During fiscal year 2004, the Company wrote-off $43.1 million in Australian tax loss carryforwards that are permanently impaired. The Company had previously provided a 100% valuation allowance against these carryforwards.

At March 31, 2005, the Company had $112.2 million in Australian capital loss carryforwards which will never expire. During fiscal years 2005 and 2004, the Company used $0.2 million and $21.4 million of these losses, respectively. During fiscal year 2004, the Company added Australian capital loss carryforwards of approximately $99.4 million primarily as a result of the Company electing to file its Australian income tax returns as a single consolidated group. At March 31, 2005, the Company had a 100% valuation allowance against the Australian capital loss carryforwards.

Under Australian legislation in fiscal year 2003, the Company's Australian entities have elected to file their Australian income tax returns as a single consolidated group. The election allows the group to recognize value in certain deferred tax assets against which the Company had in prior years established a valuation allowance. Accordingly, the Company released $13.0 million of valuation allowance during the year ended March 31, 2003.

At March 31, 2005, the undistributed earnings of non-Dutch subsidiaries approximated $425.0 million. The Company intends to indefinitely reinvest these earnings, and accordingly, has not provided for taxes that would be payable upon remittance of those earnings. The amount of the potential deferred tax liability is impracticable to determine at this time.

Due to the size of the Company and the nature of its business, the Company is subject to ongoing reviews by the Internal Revenue Service ("IRS") and other taxing jurisdictions on various tax matters, including challenges to various positions the Company asserts. The Company accrues for tax contingencies based upon its best estimate of the taxes ultimately expected to be paid, which it updates over time as more information becomes available. Such amounts are included in taxes payable or other non-current liabilities, as appropriate. If the Company ultimately determines that payment of these amounts is unnecessary, the Company reverses the liability and recognizes a tax benefit during the period in which the Company determines that the liability is no longer necessary. The Company records an additional charge in the period in which it determines that the recorded tax liability is less than it expects the ultimate assessment to be.

The IRS has audited the Company's U.S. income tax returns for all the years ended through March 31, 2000. The California Franchise Tax Board ("FTB") audited the Company's California franchise tax returns for all tax years ended through March 31, 1999 and proposed substantial assessments. The Company settled the audits with the FTB during fiscal year 2005 and also filed amended income tax returns and paid additional tax for the years ended March 31, 2000 through 2003. The Company recorded a $2.5 million tax benefit to reduce amounts accrued in excess of all amounts paid to the FTB through March 31, 2003.

Tax authorities from various jurisdictions in which the Company operates are in the process of auditing the Company's respective jurisdictional income tax returns for various ranges of years. None of the audits have progressed sufficiently to predict their ultimate outcome. The Company has accrued income tax liabilities for these audits based upon knowledge of all relevant facts and circumstances, taking into account existing tax laws, its experience with previous audits and settlements, the status of current tax examinations, and how the tax authorities view certain issues.

The Company currently derives significant tax benefits under the U.S.-Netherlands tax treaty. During fiscal year 2005, this treaty was amended to provide, among other things, new requirements that the Company must meet for the Company to continue to qualify for treaty benefits. If the Company is unable to satisfy the requirements for treaty benefits it could significantly increase the Company's effective tax rate in fiscal year 2006 forward. The Company is in the process of considering changes to its organizational and operational structure to satisfy the requirements of the amended treaty. Accordingly, the Company is planning to implement various reorganization options to satisfy those requirements to be eligible for benefits under the amended treaty. However, the Company cannot guarantee that it will be successful in implementing these plans, or that the restructured organization and operations will comply with the new treaty requirements.

15. Discontinued Operations

Building Systems

On May 30, 2003, the Company sold its New Zealand Building Systems business to a third party. A gain of $1.9 million represented the excess of net proceeds from the sale of $6.7 million over the net book value of assets sold of $4.8 million. The proceeds from the sale were comprised of cash of $5.0 million and a note receivable in the amount of $1.7 million. As of March 2005, the $1.7 million note receivable had been collected in full.

Gypsum

On March 13, 2002, the Company announced that it had signed an agreement to sell the Gypsum business to a third party. The transaction was completed on April 25, 2002. A pre-tax gain of $81.4 million was

recorded representing the excess of net proceeds from the sale of $334.4 million over the net book value of assets sold of $253.0 million. The sale resulted in income tax expense of $26.1 million. The proceeds from the sale were comprised of cash of $345.0 million less selling costs of $10.6 million.

On June 28, 2001, the Company entered into an agreement to sell its gypsum mine property in Las Vegas, Nevada to a developer. The transaction was completed on March 21, 2003. A pre-tax gain of $49.2 million represented the excess of net proceeds from the sale of $48.4 million less the cost of assets sold of $0.7 million and the assumption of $1.5 million in liabilities by the buyer. The sale resulted in income tax expense of $19.2 million. The proceeds from the sale were comprised of cash of $50.6 million less selling costs of $2.2 million.

Building Services

During the year ended March 31, 2003, the Company recorded a loss of $1.3 million related to its Building Services business which was disposed of in November 1996. The loss consisted of expenses of $0.8 million and a $0.5 million write down of an outstanding receivable that was retained as part of the sale.

ABN 60

On March 31, 2003, James Hardie transferred control of ABN 60 to a newly established company named ABN 60 Foundation. ABN 60 Foundation was established to be the sole shareholder of ABN 60 and to ensure ABN 60 meets its payment obligations to the Foundation. Following the establishment of the ABN 60 Foundation, JHI NV no longer owns any shares of ABN 60. ABN 60 Foundation is managed by independent directors and operates entirely independently of James Hardie. James Hardie does not control the activities of ABN 60 or ABN 60 Foundation in any way. James Hardie has no economic interest, other than described in Note 13, in ABN 60 or ABN 60 Foundation and has no right to dividends or capital distributions. Apart from the express indemnity for non-asbestos matters provided to ABN 60 and a possible arrangement to fund some or all future claimants for asbestos-related injuries caused by former James Hardie subsidiary companies and to the potential liabilities more fully described in Note 13, the Company does not believe it will have any liability under current Australian law should future liabilities of ABN 60 or ABN 60 Foundation exceed the funds available to those entities. As a result of the change in ownership of ABN 60 on March 31, 2003, a loss on disposal of $0.4 million was recorded by James Hardie at March 31, 2003, representing the liabilities of ABN 60 (to the Foundation) of A$94.6 million ($57.2 million), the A$94.5 million ($57.1 million) in cash held on the balance sheet, and costs associated with the establishment and funding of ABN 60 Foundation.

JHI NV has agreed to indemnify ABN 60 Foundation for any non asbestos-related legal claims made on ABN 60. There is no maximum amount of the indemnity and the term of the indemnity is in perpetuity. James Hardie believes that the likelihood of any material non asbestos-related claims occurring is remote. As such, the Company has not recorded a liability for the indemnity.

James Hardie has not pledged any assets as collateral for such indemnity.

Amaca, Amaba and ABN 60 have all agreed to indemnify JHI NV and its related corporate entities for past and future asbestos-related liabilities as part of the establishment of the respective foundations. Amaca, Amaba and ABN 60's obligation to indemnify JHI NV and its related entities includes claims that may arise associated with the manufacturing activities of those companies.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following are the results of operations of discontinued businesses:

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Building Systems			
Net sales	$ —	$ 2.9	$ 20.1
Income before income tax expense	—	0.3	2.8
Income tax expense	—	(0.1)	(0.9)
Net income	—	0.2	1.9
Building Services			
Net sales	—	—	—
Loss before income tax benefit	(0.5)	—	—
Income tax benefit	0.2	—	—
Net loss	(0.3)	—	—
Gypsum			
Net sales	—	—	18.7
Income before income tax expense	—	—	1.8
Income tax expense	—	—	(0.7)
Net income	—	—	1.1
Total			
Net sales	—	2.9	38.8
(Loss) income before income tax benefit (expense)	(0.5)	0.3	4.6
Income tax benefit (expense)	0.2	(0.1)	(1.6)
Net (loss) income	(0.3)	0.2	3.0
(Loss) gain on disposal, net of income taxes	(0.7)	4.1	84.0
(Loss) income from discontinued operations	$ (1.0)	$ 4.3	$ 87.0

16. Stock-Based Compensation

At March 31, 2005, the Company had the following stock-based compensation plans: three Peter Donald Macdonald Share Option Plans; the Executive Share Purchase Plan; the 2001 Equity Incentive Plan; one Shadow Stock Plan and one Stock Appreciation Rights Plan.

In fiscal year 2003, the Company adopted the fair value provisions of SFAS No. 123, which requires the Company to value stock options issued based upon an option pricing model and recognize this value as compensation expense over the periods in which the options vest (see Note 2).

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company estimates the fair value of each option grant on the date of grant using the Black-Scholes option-pricing model. In the table below are the weighted average assumptions and weighted average fair values used for grants in fiscal years 2005, 2004 and 2003:

	Years Ended March 31		
	2005	2004	2003
Dividend yield	1.1%	1.0%	2.9%
Expected volatility	29.1%	26.0%	27.0%
Risk free interest rate	3.2%	2.7%	2.9%
Expected life in years	3.3	3.3	4.6
Weighted average fair value at grant date	A$1.35	A$1.42	A$1.12

Compensation expense arising from stock option grants as determined using the Black-Scholes model was $3.0 million, $3.2 million and $1.9 million for the fiscal years ended March 31, 2005, 2004 and 2003, respectively.

Peter Donald Macdonald Share Option Plans

Peter Donald Macdonald Share Option Plan

As a replacement for options previously granted by JHIL on November 17, 1999, Mr. Macdonald was granted an option to purchase 1,200,000 shares of the Company's common stock at an exercise price of A$3.87 per share under the JHI NV Peter Donald Macdonald Share Option Plan. As with the original JHIL option grant, this stock option became fully vested and exercisable on November 17, 2004. The options expired on April 20, 2005, six months after the date of Mr. Macdonald's resignation. The exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions, as set out in the plan rules. Consequently, the exercise price was reduced by A$0.21, A$0.38 and A$0.10 for the November 2003, November 2002 and December 2001 returns of capital, respectively. All 1,200,000 options were outstanding and exercisable at March 31, 2005. Mr. Macdonald exercised all of these options in April 2005.

Peter Donald Macdonald Share Option Plan 2001

As a replacement for options previously granted by JHIL on July 12, 2001, Mr. Macdonald was granted an option to purchase 624,000 shares of the Company's common stock at an exercise price per share equal to A$5.45 under the JHI NV Peter Donald Macdonald Share Option Plan 2001. The replacement options were to become exercisable for 468,000 shares on the first business day on or after July 12, 2004, if JHI NV's total shareholder returns ("TSR") (essentially its dividend yield and common stock performance) from July 12, 2001 to that date was at least equal to the median TSR for the companies comprising JHI NV's peer group, as set out in the plan. In addition, the replacement options were to become exercisable on that same day for an additional 6,240 shares for each one-percent improvement in JHI NV's TSR ranking above the median total shareholder returns for its peer group (up to a total of 156,000 additional shares). On the first business day of each month from November 2004 until the options expired on April 20, 2005, six months after the date of Mr. Macdonald's resignation, JHI NV's total shareholder returns were compared with that of its peer group to determine if any previously unvested options vest according to the applicable test described above. As set out in the plan rules, the exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions. Consequently, the exercise price was reduced by A$0.21, A$0.38 and A$0.10 for the November 2003, November 2002 and December 2001 returns of capital, respectively. All 624,000 options were outstanding at March 31, 2005. As the TSR requirement had not been met six months after Mr. Macdonald ceased to be employed by JHI NV, all of these options expired in April 2005.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Peter Donald Macdonald Share Option Plan 2002

On July 19, 2002, under the JHI NV Peter Donald Macdonald 2002 Share Option Plan, Mr. Macdonald was granted an option to purchase 1,950,000 shares of the Company's common stock at an exercise price of A$6.30 per share. These options will become exercisable for 1,462,500 shares of JHI NV's common stock on the first business day on or after July 19, 2005, if JHI NV's TSR from July 19, 2002 to that date is at least equal to the median TSR for the companies comprising its peer group, which comprises those companies included in the S&P/ ASX 200 index excluding the companies listed in the 200 Financials and 200 Property Trust indices. Additionally, for each one-percent improvement in JHI NV's TSR ranking above the median TSR for its peer group 19,500 shares become exercisable (up to a total of 487,500 additional shares). If any options remain unexercisable on that date because the applicable test for TSR is not satisfied, then on the first business day of each month occurring from that day until October 31, 2005, JHI NV's TSR will again be compared with that of its peer group to determine if any previously unvested options vest according to the applicable test described above. The vested options will remain exercisable until the tenth anniversary of the issue date, July 19, 2012. As set out in the plan rules, the exercise price and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions. Consequently, the exercise price was reduced by A$0.21 and A$0.38 for the November 2003 and November 2002 returns of capital, respectively. All 1,950,000 options were outstanding at March 31, 2005.

Executive Share Purchase Plan

Prior to July 1998, JHIL issued stock under an Executive Share Purchase Plan (the "Plan"). Under the terms of the Plan, eligible executives purchased JHIL shares at their market price when issued. Executives funded purchases of JHIL shares with non-recourse, interest-free loans provided by JHIL and collateralised by the shares. In such cases, the amount of indebtedness is reduced by any amounts payable by JHIL in respect of such shares, including dividends and capital returns. These loans are generally payable within two years after termination of an executive's employment. As part of the 2001 Reorganization, the identical terms of the agreement have been carried over to JHI NV. Variable plan accounting under the provisions of APB Opinion No. 25 has been applied to the Executive Share Purchase Plan shares granted prior to April 1, 1995 and fair value accounting, pursuant to the requirements of SFAS No. 123, has been applied to shares granted after March 31, 1995. Accordingly, the Company recorded variable compensation expense of nil, $0.1 million and nil for the years ended March 31, 2005, 2004 and 2003, respectively. No shares were issued to executives during fiscal years 2005, 2004 and 2003.

2001 Equity Incentive Plan

On October 19, 2001 (the grant date), JHI NV granted a total of 5,468,829 stock options under the JHI NV 2001 Equity Incentive Plan (the "2001 Equity Incentive Plan") to key US executives in exchange for their previously granted Key Management Equity Incentive Plan ("KMEIP") shadow shares that were originally granted in November 2000 and 1999 by JHIL. These options may be exercised in five equal tranches (20% each year) starting with the first anniversary of the original shadow share grant.

Original Shadow Share Grant Date	Original Exercise Price	October 2001 Number of Options Granted	Option Expiration Date
November 1999	A$ 3.82	1,968,544	November 2009
November 2000	A$ 3.78	3,500,285	November 2010

As set out in the plan rules, the exercise prices and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

reconstructions. Consequently, the exercise price was reduced by A$0.21, A$0.38 and A$0.10 for the November 2003, November 2002 and December 2001 returns of capital, respectively.

Under the 2001 Equity Incentive Plan, additional grants have been made at fair market value to management and other employees of the Company as follows:

Share Grant Date	Original Exercise Price	Number of Options Granted	Option Expiration Date
December 2001	A$ 5.65	4,248,417	December 2011
December 2002	A$ 6.66	4,037,000	December 2012
December 2003	A$ 7.05	6,179,583	December 2013
December 2004	A$ 5.99	5,391,100	December 2014
February 2005	A$ 6.30	273,000	February 2015

Each option confers the right to subscribe for one ordinary share in the capital of JHI NV. The options may be exercised as follows: 25% after the first year; 25% after the second year; and 50% after the third year. All unexercised options expire 10 years from the date of issue or 90 days after the employee ceases to be employed by the Company. Also, as set out in the plan rules, the exercise prices and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions. Consequently, the exercise price on the December 2002 and December 2001 option grants were reduced by A$0.21 for the November 2003 return of capital and the December 2001 option grant was reduced by A$0.38 for the November 2002 return of capital.

The Company is authorized to issue 45,077,100 shares under the 2001 Equity Incentive Plan. The following table summarizes the shares available for grant under this plan:

	Years Ended March 31		
Shares Available for Grant	2005	2004	2003
Shares available at April 1	27,293,210	32,884,940	35,435,281
Awards granted	(5,664,100)	(6,179,583)	(4,037,000)
Options forfeited	2,711,148	587,853	1,486,659
Shares available at March 31	24,340,258	27,293,210	32,884,940

The following table shows the movement in all of the Company's outstanding options:

	2005		2004		2003	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
		(In Australian dollars)				
Outstanding at April 1	17,978,707	A$ 5.72	13,410,024	A$ 5.20	10,969,562	A$ 4.54
Granted	5,664,100	6.00	6,179,583	7.05	5,987,000	6.42
Exercised	(803,049)	4.13	(1,023,047)	4.38	(2,059,879)	3.57
Forfeited	(2,711,148)	6.56	(587,853)	5.79	(1,486,659)	4.95
Outstanding at March 31	20,128,610	A$ 5.75	17,978,707	A$ 5.72	13,410,024	A$ 5.20
Options exercisable at March 31	7,155,625	A$ 5.08	3,858,736	A$ 4.54	1,948,346	A$ 4.17

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at March 31, 2005	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable at March 31, 2005	Weighted Average Exercise Price
			(In Australian dollars)		
A$3.09	1,114,562	5.6	A$ 3.09	718,489	A$ 3.09
3.13	369,598	4.6	3.13	369,598	3.13
3.18	1,200,000	4.6	3.18	1,200,000	3.18
4.76	624,000	6.3	4.76	—	—
5.06	2,153,525	6.7	5.06	2,153,525	5.06
5.71	1,950,000	7.3	5.71	—	—
5.99	5,193,100	9.7	5.99	25,000	5.99
6.30	273,000	9.9	6.30	—	—
6.45	2,696,575	7.7	6.45	1,435,975	6.45
7.05	4,554,250	8.7	7.05	1,253,038	7.05
A$3.09 to A$7.05	20,128,610	7.9	A$ 5.75	7,155,625	A$ 5.08

Shadow Stock and Stock Appreciation Rights Plans

The U.S. Shadow Stock Plan provides an incentive to certain key employees in the United States based on growth in the JHI NV share price over time as if such employees were the owners of that number of JHI NV's common stock equal to the number of shares of shadow stock issued to employees. The vesting period of this shadow stock plans is five years. The last grant date under the U.S. Shadow Stock Plan was December 17, 2001.

In December 1998, a shadow stock plan for non-U.S. based employees was instituted under similar terms to the U.S. Shadow Stock Plan with a vesting period of three years. The last grant date under this plan was August 15, 2001.

Both the U.S. Shadow Stock Plan and the December 1998 Non-U.S. Based Employees Stock Plan were terminated on February 28, 2005. The value on that day of all the outstanding shares of those plans was paid to the participants.

On December 5, 2003, 12,600 shadow stock shares were granted under the terms and conditions of the Key Management Shadow Stock Incentive Plan. At March 31, 2005, 12,600 shadow stock shares were outstanding. All of these shadow stock shares were cancelled in April 2005.

On December 14, 2004, 527,000 stock appreciation rights were granted under the terms and conditions of the JHI NV Stock Appreciation Rights Incentive Plan. This plan provides similar incentives as the 2001 Equity Incentive Plan. All of these stock appreciation rights were outstanding at March 31, 2005 and will vest over three years from date of grant.

All of these plans have been accounted for as stock appreciation rights under SFAS No. 123 and, accordingly, compensation expense of nil, $2.6 million and $1.9 million was recognized in fiscal years 2005, 2004 and 2003, respectively.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Financial Instruments

Foreign Currency

As a multinational corporation, the Company maintains significant operations in foreign countries. As a result of these activities, the Company is exposed to changes in exchange rates which affect its results of operations and cash flows. At March 31, 2005 and 2004, the Company had not entered into any material contracts to hedge these exposures.

The Company purchases raw materials and fixed assets and sells some finished product for amounts denominated in currencies other than the functional currency of the business in which the related transaction is generated. In order to protect against foreign exchange rate movements, the Company may enter into forward exchange contracts timed to mature when settlement of the underlying transaction is due to occur. At March 31, 2005 and 2004, there were no material contracts outstanding.

Credit Risk

Financial instruments which potentially subject the Company to credit risk consist primarily of cash and cash equivalents, investments and trade accounts receivable.

The Company maintains cash and cash equivalents, investments and certain other financial instruments with various major financial institutions. At times, these financial instruments may be in excess of federally insured limits. To minimize this risk, the Company performs periodic evaluations of the relative credit standing of these financial institutions and, where appropriate, places limits on the amount of credit exposure with any one institution.

For off-balance sheet financial instruments, including derivatives, credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. The Company controls risk through the use of credit ratings and reviews of appropriately assessed authority limits.

The Company is exposed to losses on forward exchange contracts in the event that counterparties fail to deliver the contracted amount. The credit exposure to the Company is calculated as the mark-to-market value of all contracts outstanding with that counterparty. At March 31, 2005 and 2004, total credit exposure arising from forward exchange contracts was not material.

Credit risk with respect to trade accounts receivable is concentrated due to the concentration of the distribution channels for the Company's fiber cement products. Credit is extended based on an evaluation of each customer's financial condition and, generally, collateral is not required. The Company has historically not incurred significant credit losses.

Interest Rates

At March 31, 2005, the Company had $11.9 million outstanding under its short-term line of credit, which is subject to variable interest rates. No interest rate hedging contracts in respect to that debt have been entered into.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair Values

The carrying values of cash and cash equivalents, marketable securities, accounts receivable, short-term borrowings and accounts payable and accrued liabilities are a reasonable estimate of their fair value due to the short-term nature of these instruments. The following table summarises the estimated fair value of the Company's long-term debt (including current portion of long-term debt):

	March 31			
	2005		2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Millions of US dollars)			
Long-term debt:				
Floating	$ —	$ —	$ —	$ —
Fixed	147.4	173.6	165.0	186.8
Total	$ 147.4	$ 173.6	$ 165.0	$ 186.8

Fair values of long-term debt were determined by reference to the March 31, 2005 and 2004 market values for comparably rated debt instruments.

18. Operating Segment Information and Concentrations of Risk

The Company has reported its operating segment information in the format that the operating segment information is available to and evaluated by the Board of Directors. USA Fiber Cement manufactures and sells fiber cement interior linings, exterior siding and related accessories products in the United States. Asia Pacific Fiber Cement includes all fiber cement manufactured in Australia, New Zealand and the Philippines and sold in Australia, New Zealand and Asia. Research and Development represents the cost incurred by the research and development centers. Other includes the manufacture and sale of fiber cement products in Chile, the manufacture and sale of fiber cement reinforced pipes in the United States, fiber cement operations in Europe and fiber cement roofing operations in the United States. The Company's reportable operating segments are strategic operating units that are managed separately due to their different products and/or geographical location.

Operating Segments

The following are the Company's operating segments and geographical information:

	Net Sales to Customers(1) Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
USA Fiber Cement	$ 939.2	$ 738.6	$ 599.7
Asia Pacific Fiber Cement	236.1	219.8	174.3
Other Fiber Cement	35.1	23.5	9.6
Worldwide total from continuing operations	$ 1,210.4	$ 981.9	$ 783.6

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Income from Continuing Operations Before Income Taxes Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
USA Fiber Cement(2)	$ 241.5	$ 195.6	$ 155.1
Asia Pacific Fiber Cement(2)	46.8	37.6	27.3
Research and Development(2)	(17.5)	(17.6)	(13.0)
Other Fiber Cement	(11.8)	(15.9)	(10.7)
Segments total	259.0	199.7	158.7
General Corporate(3),(4)	(62.8)	(27.5)	(29.9)
Total operating income	196.2	172.2	128.8
Net interest expense(5)	(5.1)	(10.0)	(19.9)
Other (expense) income, net	(1.3)	3.5	0.7
Worldwide total from continuing operations	$ 189.8	$ 165.7	$ 109.6

	Total Identifiable Assets March 31	
	2005	2004
	(Millions of US dollars)	
USA Fiber Cement	$ 670.1	$ 554.9
Asia Pacific Fiber Cement	181.4	175.9
Other Fiber Cement	81.6	74.7
Segments total	933.1	805.5
General Corporate(6)	155.8	165.7
Worldwide total	$ 1,088.9	$ 971.2

	Additions to Property, Plant and Equipment(7) Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
USA Fiber Cement	$ 144.8	$ 56.2	$ 81.0
Asia Pacific Fiber Cement	4.1	8.4	6.6
Other Fiber Cement	4.1	9.5	2.5
Segments total	153.0	74.1	90.1
General Corporate	—	—	0.1
Worldwide total	$ 153.0	$ 74.1	$ 90.2

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Depreciation and Amortization Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
USA Fiber Cement	$ 23.1	$ 25.1	$ 18.2
Asia Pacific Fiber Cement	10.1	9.7	8.7
Other Fiber Cement	3.1	1.5	0.3
Segments total	36.3	36.3	27.2
General Corporate	—	0.1	0.2
Discontinued operations	—	—	1.3
Worldwide total	$ 36.3	$ 36.4	$ 28.7

Geographic Areas

	Net Sales to Customers(1) Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
USA	$ 955.7	$ 748.9	$ 605.0
Australia	160.5	154.9	124.7
New Zealand	49.6	40.6	31.6
Other Countries	44.6	37.5	22.3
Worldwide total from continuing operations	$ 1,210.4	$ 981.9	$ 783.6

	Total Identifiable Assets March 31	
	2005	2004
	(Millions of US dollars)	
USA	$ 729.2	$ 609.8
Australia	118.8	119.1
New Zealand	21.4	19.7
Other Countries	63.7	56.9
Segments total	933.1	805.5
General Corporate(6)	155.8	165.7
Worldwide total	$ 1,088.9	$ 971.2

(1) Export sales and inter-segmental sales are not significant.

(2) Research and development costs of $7.6 million, $6.3 million and $5.3 million in fiscal years 2005, 2004 and 2003, respectively, were expensed in the USA Fiber Cement operating segment. Research and development costs of $1.9 million, $2.2 million and $2.4 million in fiscal years 2005, 2004 and 2003, respectively, were expensed in the Asia Pacific Fiber Cement segment. Research and development costs of $12.0 million, $14.1 million and $10.4 million in fiscal years 2005, 2004 and 2003, respectively, were expensed in the Research and Development segment. The Research and Development segment also included selling, general and administrative expenses of $5.5 million, $3.5 million and $2.7 million in fiscal years 2005, 2004 and 2003 respectively.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Research and development expenditures are expensed as incurred and in total amounted to $21.6 million, $22.6 million and $18.1 million for the years ended March 31, 2005, 2004 and 2003, respectively.

(3) The principal components of General Corporate are officer and employee compensation and related benefits, professional and legal fees, administrative costs and rental expense, net of rental income, on the Company's corporate offices.

Net periodic pension cost related to the Australian Defined Benefit Plan for the Asia Pacific Fiber Cement segment totaling $2.3 million, $1.8 million and $2.3 million in fiscal years 2005, 2004 and 2003, respectively, has been included in the General Corporate segment. Also a settlement loss of $5.3 million on the Defined Benefit Plan in fiscal year 2005 has been included in the General Corporate segment.

(4) Includes costs of $28.1 million for SCI and other related expenses. See Note 13.

(5) The Company does not report net interest expense for each reportable segment as reportable segments are not held directly accountable for interest expense.

(6) The Company does not report deferred tax assets and liabilities for each reportable segment as reportable segments are not held directly accountable for deferred taxes. All deferred taxes are included in General Corporate.

(7) Additions to property, plant and equipment are calculated on an accrual basis, and therefore differ from property, plant and equipment in the consolidated statements of cash flows.

Concentrations of Risk

The distribution channels for the Company's fiber cement products are concentrated. If the Company were to lose one or more of its major customers, there can be no assurance that the Company will be able to find a replacement. Therefore, the loss of one or more customers could have a material adverse effect on the Company's consolidated financial position, results of operations and cash flows. The Company has three major customers that individually account for over 10% of the Company's net sales.

These three customers' accounts receivable represented 49% and 50% of the Company's trade accounts receivable at March 31, 2005 and 2004, respectively. The following are net sales generated by these three customers, which are all from the USA Fiber Cement segment:

	Years Ended March 31		
	2005	2004	2003
	(Millions of US dollars)		
Customer A	$ 131.8	$ 111.3	$ 125.1
Customer B	295.4	252.2	211.4
Customer C	131.7	112.9	84.3
Total	$ 558.9	$ 476.4	$ 420.8

Approximately 21% of the Company's fiscal year 2005 net sales from continuing operations were derived from outside the United States. Consequently, changes in the value of foreign currencies could significantly affect the consolidated financial position, results of operations and cash flows of the Company's non-U.S. operations on translation into U.S. dollars.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

19. Other Comprehensive Loss

The following are the components of total accumulated other comprehensive loss, net of related tax, which is displayed in the consolidated balance sheets:

	March 31	
	2005	2004
	(Millions of US dollars)	
Unrealized transition loss on derivative instruments classified as cash flow hedges	$ (4.9)	$ (4.9)
Accumulated amortization of unrealized transition loss on derivative instruments	4.4	3.3
Foreign currency translation adjustments	(23.6)	(22.7)
Total accumulated other comprehensive loss	$ (24.1)	$ (24.3)

In August 2000, the Company entered into a contract with a third party to hedge the price of 5,000 metric tonnes per month of pulp, a major commodity used in the manufacture of fiber cement products. The original contract term was effective from September 1, 2000 to August 31, 2005, with settlement payments due each month. On April 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The cumulative effect on April 1, 2001 of adopting this statement was to reduce other comprehensive income, a component of shareholders' equity, by $4.9 million. Subsequently, this amount is being amortized over the original term of the pulp contract to cost of goods sold.

On December 2, 2001, the counterparty to this pulp contract filed for bankruptcy. This had the effect of terminating all outstanding swap transactions immediately prior to the bankruptcy filing. The estimated fair value at the date of termination of the pulp contract was a $6.2 million liability and was recorded in other non-current liabilities at March 31, 2002. Also a current payable of $0.6 million related to the contract was recorded at March 31, 2002. In November 2002, the Company settled its obligation under this contract for a cash payment of $5.8 million. Accordingly, a gain on settlement of the contract in the amount of $1.0 million was recorded in other operating income during the fiscal year ended March 31, 2003.

20. Shareholders' Equity

On November 5, 2003, the Company converted its common stock par value from Euro dollar 0.64 to Euro dollar 0.73. This resulted in an increase in common stock and a decrease in additional paid-in capital of $48.4 million. Simultaneously, the Company returned capital of Euro dollar 0.1305 per share to shareholders in the amount of $68.7 million. Effectively, the return of capital decreased the par value of common stock to Euro dollar 0.5995. The Company then converted its common stock par value from Euro dollar 0.5995 to Euro dollar 0.59. This resulted in a decrease in common stock and an increase in additional paid-in capital of $5.0 million.

On November 1, 2002, the Company converted its common stock par value from Euro 0.50 to Euro 0.85. This resulted in an increase in common stock and a decrease in additional paid-in capital of $157.9 million. Simultaneously, the Company returned capital to shareholders in the amount of $94.8 million. Effectively, the return of capital decreased the par value of common stock to Euro 0.64.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

21. Related Party Transactions

JHI NV Directors' Securities Transactions

The Company's Directors and their director-related entities held an aggregate of 266,217 ordinary shares and 9,170,726 ordinary shares at March 31, 2005 and 2004, respectively, and 1,189,544 options and 3,782,775 options at March 31, 2005 and 2004, respectively.

Supervisory Board members on December 3, 2004 participated in an allotment of 11,691 shares at A$5.94 per share under the terms of the Supervisory Board Share Plan which was approved by JHI NV shareholders on July 19, 2002. Directors' allocations were as follows:

Director	Shares Allotted
M. Hellicar	2,117
J. Barr	1,068
M.R. Brown	1,068
P.S. Cameron	2,117
G.J. Clark	1,068
M.J. Gillfillan	1,068
J.R.H. Loudon	2,117
D.G. McGauchie	1,068
Total	11,691

The JHI NV dividend paid on July 1, 2004 to Directors and their related entities was on the same terms and conditions that applied to other holders.

Existing Loans to the Company's Directors and Directors of James Hardie Subsidiaries

At March 31, 2005 and 2004, loans totaling $33,204 and $167,635 respectively were outstanding from directors of JHI NV and its subsidiaries under the terms and conditions of the Executive Share Purchase Plan (the "Plan"). Loans under the Plan are interest free and repayable from dividend income earned by, or capital returns from, securities acquired under the Plan. The loans are collateralised by CUFS under the Plan. No new loans to Directors or executive officers of JHI NV, under the plan or otherwise, and no modifications to existing loans have been made since December 1997.

During fiscal years 2005 and 2004, repayments totaling $18,632 and $22,693, respectively, were received in respect of the Plan from A.T. Kneeshaw, P.D. Macdonald, P.G. Morley and D.A.J. Salter. During fiscal years 2005 and 2004, Directors resigned with loans outstanding totaling $117,688 and $26,204, respectively, at the date of their resignation.

Payments Made to Directors and Director Related Entities of the Company's Subsidiaries During the Year

In August 2004, Chairman Meredith Hellicar was appointed to a role as Chairman of a special committee of the Board of Directors. The special committee was established to oversee the Company's asbestos matters. In this role, she received a fee of $45,000 for the year ended March 31, 2005.

Supervisory Board Director G.J. Clark is a director of ANZ Banking Group Limited with whom the Company transacts banking business. Supervisory Board Director D.G. McGauchie is also a director of Telstra Corporation Limited from whom the Company purchases communications services. All transactions were in accordance with normal commercial terms and conditions. It is not considered that these Directors had significant influence over these transactions.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In February 2004, a subsidiary of the Company entered into a consulting agreement in usual commercial terms and conditions with The Gries Group in respect to professional services. The principal of The Gries Group, James P. Gries, is Mr. Louis Gries' brother. Under the agreement, approximately $12,000 is paid each month to The Gries Group. The agreement expires in June 2005 and payments of $157,080 and $18,423 were made for the year ended March 31, 2005 and 2004, respectively. Mr. Louis Gries has no economic interest in The Gries Group.

Payments of $6,817 and $13,240 for the years ended March 31, 2005 and 2004, respectively, were made to Grech, Vella, Tortell & Hyzler Advocates. Dr. J.J. Vella was a director of a number of the Company's subsidiaries. The payments were in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments of $86,822 and $111,705 for the years ended March 31, 2005 and 2004, respectively, were made to Pether and Associates Pty Ltd, technical contractors. The late J.F. Pether was a director of a subsidiary of the Company and was a director of Pether and Associates Pty Ltd. The payments were in respect of technical services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $27,634 and $845 for the years ended March 31, 2005 and 2004, respectively, were made to R. Christensen and T. Norman who are directors of a subsidiary of the Company. The payments were in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $71,849 for the year ended March 31, 2005 were made to M. Helyar, R. Le Tocq and N. Wild who are directors of a subsidiary of the Company. The payments were in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $15,488 for the year ended March 31, 2005 were made to Marlee (UK) Ltd. Marlee (UK) Ltd is a director of a subsidiary of the Company. The payments were in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

Payments totaling $4,730 for the year ended March 31, 2005 were made to Bernaldo, Mirador and Directo Law Offices. R. Bernaldo is a director of a subsidiary of the Company. The payments were in respect of professional services and were negotiated in accordance with usual commercial terms and conditions.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

Remuneration Disclosures

(Unaudited, not forming part of the Consolidated Financial Statements)

Remuneration of Directors

Income paid or payable, or otherwise made available by the Company and related parties to Directors of the Company in connection with the management of affairs of the Company totaled $15.1 million and $11.5 million for the years ended March 31, 2005 and 2004, respectively.

Remuneration for non-executive Directors includes fees for attendance at meetings of the Board of Directors and its subcommittees. Remuneration for the executive Director is determined on the same basis as for other executives as described in below.

Remuneration of Executives

Remuneration received or receivable from the Company by all executives (including Directors) whose remuneration was at least $100,000 was $18.5 million and $13.4 million for the years ended March 31, 2005 and 2004, respectively. Remuneration for each executive includes salary, incentives, superannuation, stock options, retirement and termination payments, motor vehicles, fringe benefits, tax and other benefits.

The number of such executives within the specified bands are as follows:

Range starting at:	March 31	
	2005	2004
	(US dollars)	
$320,000	1	—
$340,000	—	—
$370,000	—	2
$430,000	1	1
$440,000	1	—
$460,000	—	1
$480,000	—	—
$530,000	1	2
$620,000	2	—
$630,000	—	1
$660,000	2	1
$710,000	—	—
$770,000	—	—
$850,000	—	1
$930,000	1	1
$1,070,000	—	1
$1,120,000	1	—
$1,140,000	1	—
$1,390,000	—	2
$1,500,000	1	—
$2,030,000	1	—
$3,189,000	—	1
$7,153,000	1	—
	14	14

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

Remuneration Disclosures

(Unaudited, not forming part of the Consolidated Financial Statements) — (Continued)

An executive is defined as the Chief Executive Officer, members of the Group Management Team, General Managers of Business Units and Company Secretaries of JHI NV.

Remuneration is determined on the basis of the cost of the remuneration to the Company, but excludes insurance premiums paid by the Company in respect of directors' and officers' liability insurance contracts.

Options and shares issued to executives under the Executive Share Purchase Plan are valued using the Black-Scholes model and the fair value of options granted is included in remuneration.

Remuneration of Independent Registered Public Accounting Firm

Remuneration to the Company's independent registered public accounting firm for services provided for fiscal years 2005, 2004 and 2003 were as follows:

Audit Fees

The aggregate fees for professional services rendered by its independent registered public accounting firm during the years ended March 31, 2005, 2004 and 2003 were $3.1 million (including internal investigation fees of $1.9 million), $1.2 million and $1.1 million, respectively. Professional services include the audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings.

Audit Related Fees

The aggregate fees billed for assurance and related services rendered by its independent registered public accounting firm during the years ended March 31, 2005, 2004 and 2003 were $0.2 million, $0.1 million and $0.6 million, respectively.

Tax Fees

The aggregate fees billed for tax compliance, tax advice and tax planning services rendered by its independent registered public accounting firm during the years ended March 31, 2005, 2004 and 2003 were $4.2 million, $3.5 million and $3.4 million, respectively.

All Other Fees

In addition to the fees described above, the Company incurred minor fees from its independent registered public accounting firm related to the purchase and use of software.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL DATA
(Unaudited, not forming part of the consolidated financial statements)

The information furnished in the selected quarterly financial data for the years ended March 31, 2005 and 2004 is unaudited but includes all adjustments which, in the opinion of management, are necessary for a fair statement of the financial results of the respective interim periods. Such adjustments are of a normal recurring nature. Interim financial statements are by necessity somewhat tentative; judgments are used to estimate interim amounts for items that are normally determinable only on an annual basis.

	Year Ended March 31, 2005 By Quarter				Year Ended March 31, 2004 By Quarter			
	First	Second	Third	Fourth	First	Second	Third	Fourth
	(Millions of US dollars)							
Net sales	$ 306.1	$ 300.9	$ 287.0	$ 316.4	$ 241.5	$ 251.6	$ 237.5	$ 251.3
Cost of goods sold	(194.8)	(203.8)	(190.3)	(195.1)	(152.2)	(159.2)	(150.0)	(161.6)
Gross profit	111.3	97.1	96.7	121.3	89.3	92.4	87.5	89.7
Operating income	58.3	40.0	33.3	64.6	48.3	47.9	41.2	34.8
Interest expense	(2.8)	(1.9)	(1.3)	(1.3)	(2.5)	(2.8)	(3.0)	(2.9)
Interest income	0.3	0.6	0.6	0.7	0.2	0.4	0.2	0.4
Other (expense) income, net	—	(1.9)	0.4	0.2	—	(3.3)	(0.1)	6.9
Income from continuing operations before income taxes	55.8	36.8	33.0	64.2	46.0	42.2	38.3	39.2
Income tax expense	(18.7)	(12.1)	(13.2)	(17.9)	(13.1)	(9.4)	(10.0)	(7.9)
Income from continuing operations	37.1	24.7	19.8	46.3	32.9	32.8	28.3	31.3
Discontinued operations:								
(Loss) income from discontinued operations net of income tax	—	—	(0.3)	—	0.2	—	—	—
(Loss) gain on disposal of discontinued operations net of income tax	(0.8)	0.1	—	—	1.6	—	1.8	0.7
(Loss) income from discontinued operations	(0.8)	0.1	(0.3)	—	1.8	—	1.8	0.7
Net income	$ 36.3	$ 24.8	$ 19.5	$ 46.3	$ 34.7	$ 32.8	$ 30.1	$ 32.0

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
1.1	Articles of Association, as amended on November 5, 2003 of James Hardie Industries N.V. (English Translation) (4)
2.1	Letter Agreement of September 6, 2001 by and between James Hardie Industries N.V. and CHESS Depositary Nominees Pty Limited, as the depositary for CHESS Units of Foreign Securities(1)
2.2	Deposit Agreement dated as of September 24, 2001 between The Bank of New York, as depositary, and James Hardie Industries N.V.(1)
2.3	Note Purchase Agreement, dated as of November 5, 1998, among James Hardie Finance B.V., James Hardie N.V. and certain purchasers thereto re: $225,000,000 Guaranteed Senior Notes(1)
2.4	Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement, dated as of January 24, 2000, by and among James Hardie Finance B.V., James Hardie U.S. Funding, Inc., James Hardie N.V., James Hardie Aust Investco Pty Limited and certain noteholders thereto(1)
2.5	Second Amendment to the Note Purchase Agreement dated as of October 22, 2001, by and among, James Hardie U.S. Funding, Inc., James Hardie N.V., James Hardie Aust Investco Pty Limited, James Hardie Australia Finance Pty Limited, James Hardie International Finance B. V. and certain noteholders thereto(1)
2.6	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and New Zealand Banking Group Limited(2)
2.7	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Bank One, NA(2)
2.8	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BNP Paribas(2)
2.9	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and Westdeutsche Landesbank Girozentrale, Sydney Branch(2)
2.10	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Australia and New Zealand Banking Group Limited(2)
2.11	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Bank One, NA (2)
2.12	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BBL Australia Limited(2)
2.13	Novation Agreement, dated August 27, 2001, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and BNP Paribas(2)
2.14	Novation Agreement, dated August 27, 2001, relating to Amended and Restated 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Wells Fargo HSBC Trade Bank, National Association(2)

2.15	Novation Agreement, dated August 27, 2001, relating to Amended and Restated 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc. and Westdeutsche Landesbank Girozentrale, Sydney Branch(2)

Exhibit Number	Description of Exhibits
2.16	Form of Novation Agreement, dated December 16, 2002, relating to Amended and Restated Revolving Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc., James Hardie Industries N.V., and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; BNP Paribas; and WestLB AG, Sydney Branch(3)
2.17	Form of Novation Agreement, dated December 16, 2002, relating to Amended and Restated Standby Loan Agreement among James Hardie International Finance B.V., James Hardie N.V., James Hardie U.S. Funding Inc., James Hardie Industries N.V. and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; ING Bank N.V., Sydney Branch; BNP Paribas; Wells Fargo HSBC Trade Bank, National Association; and WestLB AG, Sydney Branch(3)
2.18	Amendment Agreement to Amended and Restated Standby Loan Agreement, effective April 30, 2004, among James Hardie International Finance B.V., James Hardie Industries N.V. and Wells Fargo HSBC Trade Bank, National Association(4)
2.19	Form of Extension Letter, relating to 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie Industries N.V. and each of the following banks: Australia and New Zealand Banking Group Limited; Bank One, NA; ING Bank NV, Sydney Branch; BNP Paribas; and WestLB AG, Sydney Branch (4)
2.20	Extension Letter relating to 364 Day Standby Loan Agreement among James Hardie International Finance B.V., James Hardie Industries N.V. and Wells Fargo HSBC Trade Bank N.A.(4)
2.21	Assignment and Assumption Agreement and Third Amendment to Note Purchase Agreement, dated as of November 18, 2002, among James Hardie U.S. Funding Inc, James Hardie International Finance B.V., James Hardie Industries N.V., James Hardie N.V. and certain noteholders thereto(3)
2.22	Common Terms Deed Poll dated June 15, 2005 between James Hardie International Finance B.V. and James Hardie Industries N.V.
2.23	Form of Term Facility Agreement between James Hardie International Finance B.V. and Financier
2.24	Form of 364-day Facility Agreement between James Hardie International Finance B.V. and Financier
2.25	Form of Guarantee Deed between James Hardie Industries N.V. and Financier
4.1	James Hardie Industries N.V. 2001 Equity Incentive Plan
4.2	James Hardie Industries N.V. Peter Donald Macdonald Share Option Plan 2002(1)
4.3	Economic Profit and Individual Performance Incentive Plans
4.4	JHI NV Stock Appreciation Rights Incentive Plan
4.5	Supervisory Board Share Plan, dated July 19, 2002(1)
4.6	Letter of Resignation, dated October 21, 2004, between James Hardie Industries N.V. and Peter Donald Macdonald(4)
4.7	Consulting agreement, dated November 15, 2004, between James Hardie Industries N.V. and Peter Shafron(4)
4.8	Employment Agreement effective as of February 10, 2005, among James Hardie Building Products, Inc., James Hardie Industries N.V. and Louis Gries
4.9	Summary of Employment Terms between James Hardie Industries N.V. and Russell Chenu

4.10	International Assignment Agreement dated May 10, 2005, between James Hardie Industries N.V. and Benjamin Butterfield
4.11	Employment Agreement, effective September 1, 2004, between James Hardie Buildings Products, Inc. and David Merkley

Exhibit Number	Description of Exhibits
4.12	Employment Agreement, effective September 1, 2004, between James Hardie Building Products and Donald Merkley
4.13	Amended Secondment dated October 8, 2004 between James Hardie Building Products Inc. and James Chilcoff(4)
4.14	Final Settlement Agreement between James Hardie International Finance B.V. and Folkert Zwinkels dated March 24, 2005
4.15	Form of Joint and Several Indemnity Agreement among James Hardie N.V., James Hardie (USA) Inc. and certain indemnitees thereto(1)
4.16	Form of Joint and Several Indemnity Agreement among James Hardie Industries N.V., James Hardie Inc. and certain indemnitees thereto(1)
4.17	Form of Deed of Access to Documents, Indemnity and Insurance among James Hardie Industries N.V. and certain indemnitees thereto(1)
4.18	Form of Joint and Several Indemnity Agreement among James Hardie Industries N.V., James Hardie Building Products Inc. and certain indemnities thereto
4.19	Lease Amendment, dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at the corner of Cobalt & Silica Street, Carole Park, Queensland, Australia(4)
4.20	Variation of Lease dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at the corner of Colquhoun & Devon Streets, Rosehill, New South Wales, Australia(4)
4.21	Extension of Lease dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at Rutland, Avenue, Welshpool, Western Australia, Australia(4)
4.22	Lease Amendment dated March 23, 2004, among Amaca Pty Limited (f/k/a/ James Hardie & Coy Pty Limited), James Hardie Australia Pty Limited and James Hardie Industries N.V. re premises at 46 Randle Road, Meeandah, Queensland, Australia (4)
4.23	Lease Agreement dated March 23, 2004 among Studorp Limited, James Hardie New Zealand Limited and James Hardie Industries N.V. re premises at the corner of O'Rorke and Station Roads, Penrose, Auckland, New Zealand (4)
4.24	Lease Agreement dated March 23, 2004 among Studorp Limited, James Hardie New Zealand Limited and James Hardie Industries N.V. re premises at 44-74 O'Rorke Road, Penrose, Auckland, New Zealand(4)
4.25	Industrial Building Lease Agreement, effective October 6, 2000, between James Hardie Building Products, Inc. and Fortra Fiber-Cement L.L.C., re premises at Waxahachie, Ellis County, Texas(1)
4.26	Asset Purchase Agreement by and between James Hardie Building Products, Inc. and Cemplank, Inc. dated as of December 12, 2001(1)
4.27	Amended and Restated Stock Purchase Agreement dated March 12, 2002, between BPB U.S. Holdings, Inc. and James Hardie Inc.(1)
8.1	List of significant subsidiaries of James Hardie Industries N.V.
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of independent registered public accounting firm
15.2	Consent of KPMG Actuaries Pty Ltd

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Exhibit Number	Description of Exhibits
99.1	Excerpts of the ASX Settlement and Transfer Corporation Pty Ltd as of May 2005
99.2	Excerpts of the Financial Services Reform Act 2001, as of March 11, 2002
99.3	ASIC Class Order 02/311, dated November 3, 2002
99.4	ASIC Modification, dated March 7, 2002(1)

(1) This document was previously filed on paper as an exhibit to a prior Form 20-F. It is being re-filed herewith electronically.

(2) Previously filed as an exhibit to our Registration Statement on Form 20-F dated September 7, 2001 and incorporate herein by reference.

(3) Previously filed as an exhibit to our Annual Report on Form 20-F dated July 2, 2003 and incorporated herein by reference.

(4) Previously filed as an exhibit to our Annual Report on Form 20-F dated November 22, 2004 and incorporated herein by reference.

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EXHIBIT 2.1

September 6, 2001

CHESS Depositary Nominees Pty Limited
Level 6
20 Bridge Street
Sydney NSW 2000

RE: Appointment of CHESS Depositary Nominees Pty Limited ABN 75 071 346 506 ("CDN") as CUFS Depositary for James Hardie Industries N.V. Shares

Dear Sirs

James Hardie Industries Limited (ABN 60 000 009 263) ("JHIL") has proposed a scheme of arrangement) ("Scheme") with its shareholders whereby those shareholders will exchange their shares in JHIL, on a one-for-one basis, for CHESS Units of Foreign Securities ("CUFS") in the proposed new holding company for the James Hardie group, James Hardie Industries N.V. ("JHI NV"). JHI NV is a limited liability company organised under the laws of The Netherlands. Each CUFS in JHI NV will represent a beneficial interest in one JHI NV share.

In connection with the Scheme, JHI NV has applied for listing on the Australian Stock Exchange ("ASX") and to have its common (or ordinary) shares, nominal value EUR 0.5 ("JHI NV Shares"), quoted on the ASX.

The Clearing House Electronic Subregister System ("CHESS") facilitates the efficient transfer of legal title and settlement of market transactions in Australia with an electronic subregister system that provides irrevocable transfer of ownership and cleared funds without using paper documentation. CHESS, which is operated by ASX Settlement and Transfer Corporation Pty Ltd, is the approved securities clearing house ("SCH") under s779B of the Australian Corporations Act 2001 (the "Corporation Act"). This allows legal title to equities to be validly transferred electronically by virtue of provisions in the Corporations Act and the SCH Business Rules (the "Rules"). In the case of JHI NV Shares, these are to be transferred and held indirectly in CHESS through the issue of CUFS, being a type of depositary receipt as further described above.

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The purpose of this letter is to confirm:

(i) CDN's appointment as the CUFS depositary for JHI NV Shares, pursuant to and in accordance with the Rules; and

(ii) that, in connection with paragraph (i) above, CDN agrees, pursuant to the terms of the Scheme, to accept the allotment to it of approximately 450,771,082 JHI NV Shares and thereafter to issue an equivalent number of CUFS in respect of those JHI NV Shares to or in respect of former JHIL shareholders.

Please sign below to confirm CDN's agreement to the terms of this letter.

Very truly yours,

/s/ Peter Shafron

Peter Shafron
Attorney for
James Hardie Industries N.V.

Accepted and Agreed on 7 September 2001:
CHESS Depository Nominees Pty Limited

/s/ Angus Richards

By: Angus Richards
Title: Director

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EXHIBIT 2.2

[EXECUTION COPY]

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JAMES HARDIE INDUSTRIES N.V.

AND

THE BANK OF NEW YORK

AS DEPOSITARY

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITARY RECEIPTS

DEPOSIT AGREEMENT

DATED AS OF SEPTEMBER 24, 2001

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of September 24, 2001 and effective as of the Effective Date (as hereinafter defined), among JAMES HARDIE INDUSTRIES N.V., incorporated under the laws of The Netherlands and with its corporate seat in Amsterdam, The Netherlands (herein called the Issuer), THE BANK OF NEW YORK, a New York banking corporation (herein called the Depositary), and all Owners and holders from time to time of American Depositary Receipts issued hereunder.

WITNESSETH:

WHEREAS, the Issuer desires to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of CUFS (as hereinafter defined), each representing a beneficial interest in one Share (as hereinafter defined) of the Issuer from time to time with the Depositary or with the Custodian (as hereinafter defined) as agent of the Depositary for the purposes set forth in this Deposit Agreement, for the creation of American Depositary Shares representing the CUFS (subject to the terms and conditions of this Deposit Agreement) so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

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ARTICLE 1. DEFINITIONS.

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.01 American Depositary Shares.

The term "American Depositary Shares" shall mean the securities representing the interests in the Deposited Securities and evidenced by the Receipts issued hereunder. Each American Depositary Share shall represent the number of CUFS specified in Exhibit A annexed hereto, until there shall occur a distribution upon Deposited Securities covered by Section 4.03 or a change in Deposited Securities covered by Section 4.08 with respect to which additional Receipts are not executed and delivered, and thereafter American Depositary Shares shall evidence the amount of CUFS or Deposited Securities specified in such Sections.

SECTION 1.02 Article; Section.

Wherever references are made in this Deposit Agreement to an "Article" or "Articles" or to a "Section" or "Sections", such references shall mean an article or articles or a section or sections of this Deposit Agreement, unless otherwise required by the context.

SECTION 1.03 CHESS.

The term "CHESS" shall mean Clearing House Electronic Subregister System, being the automated clearing and settlement process for transactions executed on the Australian Stock Exchange.

SECTION 1.04 CHESS Subregister.

The term "CHESS Subregister" shall mean that part of the Issuer's CUFS register that is administered by the SCH.

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SECTION 1.05 Commission.

The term "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.06 CUFS Depositary.

The term "CUFS Depositary" shall mean the CUFS depositary nominee, CHESS Depositary Nominees Pty Limited, and its successors or any other entity appointed by the Issuer which performs substantially identical functions in Australia.

SECTION 1.07 CUFS.

The term "CUFS" shall mean CHESS Units of Foreign Securities, issued by the CUFS Depositary, representing beneficial ownership in Shares of the Issuer.

SECTION 1.08 Custodian.

The term "Custodian" shall mean the Australian office of Australia and New Zealand Banking Group Limited, as agent of the Depositary for the purposes of this Deposit Agreement, and any other firm or corporation which may hereafter be appointed by the Depositary pursuant to the terms of Section 5.05, as substitute or additional custodian or custodians hereunder, as the context shall require and shall also mean all of them collectively.

SECTION 1.09 Delivery; Deposit; Surrender; Transfer; Withdraw.

The term "deliver", "deposit", surrender", "transfer" or "withdraw", when (i) with respect to CUFS or other Deposited Securities: (a) in the case of book-entry CUFS or other Deposited Securities, shall refer to an entry or entries in an account or accounts maintained by institutions authorized under applicable law to effect transfers of the CUFS or such other Deposited Securities, or (b) in the case of certificated Deposited Securities, to the physical delivery, deposit, withdrawal or transfer of certificates

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representing such Deposited Securities and (ii) with respect to American Depositary Shares evidenced by Receipts, (a) in the case of American Depositary Shares available in book-entry form, shall refer to appropriate adjustments in the records maintained by (1) the Depositary, (2) the Depository Trust Company ("DTC") or its nominee, or (3) institutions that have accounts with DTC, as applicable, or (b) otherwise, shall refer to the physical delivery, deposit, surrender, transfer or withdrawal of such American Depositary Shares evidenced by Receipts.

SECTION 1.10 Deposit Agreement.

The term "Deposit Agreement" shall mean this Agreement, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.11 Depositary; Corporate Trust Office.

The term "Depositary" shall mean The Bank of New York, a New York banking corporation and any successor as depositary hereunder. The term "Corporate Trust Office", when used with respect to the Depositary, shall mean the office of the Depositary which at the date of this Agreement is 101 Barclay Street, New York, New York, 10286.

SECTION 1.12 Deposited Securities.

The term "Deposited Securities" as of any time shall mean CUFS at such time deposited or deemed to be deposited under this Deposit Agreement and any and all other securities, property and cash received by the Depositary or the Custodian in respect thereof and at such time held hereunder, subject as to cash to the provisions of Section 4.5.

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SECTION 1.13 Dollars; Euro.

The term "Dollars" shall mean United States dollars. The term "Euro" shall mean the common currency of the participating member countries in the European Monetary Union.

SECTION 1.14 Holding Statement.

The term "Holding Statement" shall mean the statement which sets forth the number of CUFS held by a particular holder of CUFS.

SECTION 1.15 Issuer.

The term "Issuer" shall mean James Hardie Industries N.V., incorporated under the laws of The Netherlands and with its corporate seat in Amsterdam, The Netherlands and its successors.

SECTION 1.16 Owner.

The term "Owner" shall mean the person in whose name a Receipt is registered on the books of the Depositary maintained for such purpose.

SECTION 1.17 Receipts.

The term "Receipts" shall mean the American Depositary Receipts issued hereunder evidencing American Depositary Shares.

SECTION 1.18 Registrar.

The term "Registrar" shall mean any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed to register Receipts and transfers of Receipts as herein provided.

SECTION 1.19 Restricted Securities.

The term "Restricted Securities" shall mean Shares, CUFS representing Shares, or American Depositary Shares representing such CUFS, which are acquired

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directly or indirectly from the Issuer or its affiliates (as defined in Rule 144 under the Securities Act of 1933) in a transaction or chain of transactions not involving any public offering or which are subject to resale limitations under Regulation D under that Act or both, or which are held by an officer, director (or persons performing similar functions) or other affiliate of the Issuer, or which are subject to other restrictions on sale or deposit under the laws of the United States or The Netherlands, or under a shareholder agreement or the Articles of Association of the Issuer.

SECTION 1.20 SCH.

The term "SCH" shall mean ASX Settlement and Transfer Corporation Pty Limited (ABN 49008 504 532), as approved as the securities clearing house and the entity administering CHESS.

SECTION 1.21 SCH Business Rules.

The term "SCH Business Rules" shall mean the Business Rules regulating the functions and operations of SCH.

SECTION 1.22 Securities Act of 1933.

The term "Securities Act of 1933" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.23 Shares.

The term "Shares" shall mean ordinary shares in registered form of the Issuer, heretofore validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares or hereafter validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares or interim certificates representing such Shares.

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ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS.

SECTION 2.01 Form and Transferability of Receipts.

Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary and, if a Registrar for the Receipts shall have been appointed, countersigned by the manual or facsimile signature of a duly authorized officer of the Registrar. The Depositary shall maintain books on which each Receipt so executed and delivered as hereinafter provided and the transfer of each such Receipt shall be registered. Receipts bearing the manual or facsimile signature of a duly authorized signatory of the Depositary who was at any time a proper signatory of the Depositary shall bind the Depositary, notwithstanding that such signatory has ceased to hold such office prior to the execution and delivery of such Receipts by the Registrar or did not hold such office on the date of issuance of such Receipts.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

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Title to a Receipt (and to the American Depositary Shares evidenced thereby), when properly endorsed or accompanied by proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that the Depositary, notwithstanding any notice to the contrary, may treat the Owner thereof as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes.

SECTION 2.02 Deposit of CUFS.

Subject to the terms and conditions of this Deposit Agreement, and the SCH Business Rules, CUFS or evidence of rights to receive CUFS may be deposited by delivery thereof (which may include delivery by electronic transfer through the facilities of CHESS or otherwise) to any Custodian hereunder, accompanied by any appropriate instrument or instruments of transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may be required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, and, if the Depositary requires, together with a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order, a Receipt or Receipts for the number of American Depositary Shares representing such deposited CUFS. No CUFS shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any applicable governmental body which is then performing the function of the regulation of currency exchange. If required by the Depositary, CUFS presented for deposit at any time, whether or not the transfer books of the Issuer or the CUFS Depositary (or the appointed agent of the CUFS Depositary for transfer and registration of the CUFS), if applicable, are closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or CUFS or to

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receive other property which any person in whose name the CUFS are or have been recorded may thereafter receive upon or in respect of such deposited CUFS, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

Upon delivery to a Custodian of CUFS to be deposited hereunder, or delivery to the Custodian of irrevocable instructions therefor, together in either case with the other documents above specified, such Custodian shall obtain confirmation of registration of, or registration of transfer of, the CUFS being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

Deposited Securities (other than CUFS) shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

SECTION 2.03 Execution and Delivery of Receipts.

Upon receipt by any Custodian of any deposit pursuant to Section 2.02 hereunder (and in addition, if the CHESS Subregister of the CUFS Depositary (or the appointed agent or agents of the CUFS Depositary for transfer and registration of the CUFS) are open, or if the Depositary so requires, a proper acknowledgment or other evidence from the CUFS Depositary (or appointed agent or agents of the CUFS Depositary for transfer and registration of the CUFS) satisfactory to the Depositary that any deposited CUFS have been recorded upon the CHESS Subregister of the CUFS Depositary (or by the appointed agent of the CUFS Depositary for transfer and registration of CUFS), if applicable, in the name of the Depositary or its nominee or such Custodian or its nominee), together with the other documents required as above specified, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depositary Shares to be evidenced thereby. Such

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notification shall be made by letter or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. Upon receiving such notice from such Custodian, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver at its Corporate Trust Office, to or upon the order of the person or persons entitled thereto, a Receipt or Receipts, registered in the name or names and evidencing any authorized number of American Depositary Shares requested by such person or persons, but only upon payment to the Depositary of the fees of the Depositary for the execution and delivery of such Receipt or Receipts as provided in Section 5.09, and of all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the deposited CUFS and the issuance of such Receipt or Receipts.

SECTION 2.04 Transfer of Receipts; Combination and Split-up of Receipts.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its transfer books from time to time, upon any surrender of a Receipt, by the Owner in person or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer, and duly stamped as may be required by the laws of the State of New York and of the United States of America. Thereupon the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

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The Depositary may appoint one or more co-transfer agents for the purpose of effecting transfers, combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to Receipts and will be entitled to protection and indemnity to the same extent as the Depositary.

SECTION 2.05 Surrender of Receipts and Withdrawal of CUFS.

Upon surrender at the Corporate Trust Office of the Depositary of a Receipt for the purpose of withdrawal of the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, and upon payment of the fee of the Depositary for the surrender of Receipts as provided in Section 5.09 and payment of all taxes and governmental charges payable in connection with such surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Owner of such Receipt shall be entitled to (i) with respect to the CUFS or other uncertificated Deposited Securities held through CHESS evidenced by such Receipt, instruct the Depositary to procure the electronic transfer through CHESS of such CUFS or such other uncertificated Deposited Securities to an account in the name of the Owner or such other name as the Owner may direct and (ii) physical delivery, to or upon the order of such Owner, of any other Deposited Securities at the time represented by the American Depositary Shares evidenced by such Receipt. Delivery of such other Deposited Securities, if applicable, may be made by the delivery of (a) certificates in the name of such Owner or as ordered by him or by certificates properly endorsed or accompanied by proper instruments of transfer to such Owner or as ordered by him and (b) any other securities, property and cash to which such Owner is then entitled in respect of such Receipts to such Owner or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay.

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A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Owner thereof shall execute and deliver to the Depositary a written order directing the Depositary to (i) cause the electronic transfer of the CUFS represented by such Receipt to be recorded in an account in the name of the Owner or such other name as the Owner may direct and (ii) cause any other Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depositary shall direct the Custodian to deliver at the Australian office or account, as applicable, of such Custodian, subject to Sections 2.06, 3.01 and 3.02 and to the other terms and conditions of this Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, except that the Depositary may make delivery to such person or persons at the Corporate Trust Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any Owner so surrendering a Receipt, and for the account of such Owner, the Depositary shall direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt to the Depositary for delivery at the Corporate Trust Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Owner, by cable, telex or facsimile transmission.

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SECTION 2.06 Limitations on Execution and Delivery, Transfer and Surrender of Receipts.

As a condition precedent to the execution and delivery, registration of transfer, split-up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Issuer, the CUFS Depositary, Custodian or Registrar may require payment from the depositor of CUFS or the presentor of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to CUFS being deposited or withdrawn) and payment of any applicable fees as herein provided, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.06.

The delivery of Receipts against deposits of CUFS generally or against deposits of particular CUFS may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary, the Issuer, or the CUFS Depositary at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or for any other reason, subject to the provisions of Section 7.07 hereof. Notwithstanding any other provision of this Deposit Agreement or the Receipts, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Issuer or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign

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laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any CUFS if such CUFS, or the Shares underlying such CUFS, would be required to be registered under the provisions of the Securities Act of 1933, unless a registration statement is in effect as to such CUFS or Shares as applicable.

SECTION 2.07 Lost Receipts, etc.

In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary shall execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt upon cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall execute and deliver a new Receipt in substitution for a destroyed, lost or stolen Receipt, the Owner thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfied any other reasonable requirements imposed by the Depositary.

SECTION 2.08 Cancellation and Destruction of Surrendered Receipts.

All Receipts surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy Receipts so cancelled.

SECTION 2.09 Pre-Release of Receipts.

Notwithstanding Section 2.03 hereof, the Depositary may execute and deliver Receipts prior to the receipt of CUFS pursuant to Section 2.02 ("Pre-Release"). The Depositary may, pursuant to Section 2.05, deliver CUFS upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of CUFS in

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satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom Receipts are to be delivered that such person, or its customer, owns the CUFS or Receipts to be remitted, as the case may be, (b) at all times fully collateralized with cash or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of American Depositary Shares which are outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the CUFS deposited hereunder; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate.

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS OF RECEIPTS.

SECTION 3.01 Filing Proofs, Certificates and Other Information.

Any person presenting CUFS for deposit or any Owner of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the CHESS Subregister if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made.

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SECTION 3.02 Liability of Owner for Taxes.

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented by any Receipt, such tax or other governmental charge shall be payable by the Owner of such Receipt to the Depositary. The Depositary may refuse to effect any transfer of such Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner thereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner of such Receipt shall remain liable for any deficiency.

SECTION 3.03 Warranties on Deposit of Shares.

Every person depositing CUFS under this Deposit Agreement shall be deemed thereby to represent and warrant that such CUFS are validly issued, fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such CUFS and the sale of Receipts evidencing American Depositary Shares representing such CUFS by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of CUFS and issuance of Receipts.

ARTICLE 4. THE DEPOSITED SECURITIES.

SECTION 4.01 Cash Distributions.

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, subject to the provisions of Section 4.05, convert such dividend or distribution into Dollars if such cash dividend or

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other cash distribution is not received in Dollars and shall distribute the amount thus received (net of the fees of the Depositary as provided in Section 5.09 hereof, if applicable) to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively; provided, however, that in the event that the Issuer, the CUFS Depositary, the Custodian, or the Depositary shall be required to withhold and does withhold from such cash dividend or such other cash distribution an amount on account of taxes, the amount distributed to the Owner of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Owner a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Owners entitled thereto. The Issuer or its agent will remit to the appropriate governmental agency in The Netherlands all amounts withheld and owing to such agency. The Depositary will forward to the Issuer or the CUFS Depositary such information from its records as the Issuer or the CUFS Depositary may reasonably request to enable the Issuer or the CUFS Depositary to file necessary reports with governmental agencies, and the Depositary or the Issuer or the CUFS Depositary may file any such reports necessary to obtain benefits under the applicable tax treaties for the Owners of Receipts.

SECTION 4.02 Distributions Other Than Cash, CUFS or Rights.

Subject to the provisions of Section 4.11 and Section 5.09, whenever the Depositary shall receive any distribution other than a distribution described in Sections 4.01, 4.03 or 4.04, the Depositary shall cause the securities or property received by it to be distributed to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such

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distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Issuer, the CUFS Depositary or the Depositary withhold an amount on account of taxes or other governmental charges or that such securities must be registered under the Securities Act of 1933 in order to be distributed to Owners or holders) the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees of the Depositary as provided in Section 5.09) shall be distributed by the Depositary to the Owners entitled thereto as in the case of a distribution received in cash. Any distributions received by the Depositary and not distributed to the Owners entitled thereto or sold as provided in this Section 4.02 shall be deemed to be Deposited Securities and shall be represented by such Owner's Receipts.

SECTION 4.03 Distributions in CUFS.

If any distribution upon any Deposited Securities or any securities of the Issuer represented by any Deposited Securities results in a dividend in, or free distribution of, CUFS, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of CUFS received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of CUFS and the issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 and the payment of fees of the Depositary as provided in Section 5.09. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the amount of

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CUFS represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.01. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional CUFS distributed upon the Deposited Securities represented thereby.

SECTION 4.04 Rights.

In the event that the Issuer shall offer or cause to be offered to the holders of any Deposited Securities, or any securities of the Issuer represented by any Deposited Securities, any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its discretion that it is lawful and feasible to make such rights available to all Owners or to certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner hereunder, the Depositary will make such rights available to such Owner upon written notice from the Issuer to the Depositary that (a) the Issuer has elected in its sole discretion to permit

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such rights to be exercised and (b) such Owner has executed such documents as the Issuer has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to the Depositary from such Owner to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the relevant security to be received upon the exercise of the rights, and upon payment of the fees of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the relevant security, and the Issuer shall cause the relevant security, if Shares, to be delivered to the CUFS Depositary on behalf of such Owner with instructions to issue CUFS representing such Shares and deliver them to the Custodian. As agent for such Owner, the Depositary will cause such CUFS to be deposited pursuant to Section 2.02 of this Deposit Agreement, and shall, pursuant to Section 2.03 of this Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this section, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees of the Depositary as provided in Section 5.09 and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or

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other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to Owners or are registered under the provisions of such Act. If an Owner of Receipts requests distribution of warrants or other instruments, notwithstanding that there has been no such registration under such Act, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Issuer upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

SECTION 4.05 Conversion of Foreign Currency.

Whenever the Depositary shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on

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account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.09.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

SECTION 4.06 Fixing of Record Date.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be

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issued with respect to the Deposited Securities or any securities of the Issuer represented by any Deposited Securities, or whenever for any reason the Depositary causes a change in the number of CUFS that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of holders of CUFS or the Shares underlying the CUFS or other Deposited Securities, the Depositary shall fix a record date which date shall, to the extent practicable, be the same date as the record date set with respect to the Shares, if any, (a) for the determination of the Owners who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof or (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.01 through 4.05 and to the other terms and conditions of this Deposit Agreement, the Owners on such record date shall be entitled, as the case may be, to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively and to give voting instructions and to act in respect of any other such matter.

SECTION 4.07 Voting of Deposited Securities.

Upon receipt of notice of any meeting of holders of Shares or Deposited Securities, if requested in writing by the Issuer, the Depositary shall, as soon as practicable thereafter, mail to the Owners a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received from the CUFS Depositary or the Issuer, and (b) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Netherlands law and of the Articles of Association of the Issuer, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the number of Shares represented by CUFS or other Deposited

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Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given. Upon the written request of an Owner on such record date, received on or before the date established by the Depositary for such purpose, (the "Instruction Date") the Depositary shall endeavor, in so far as practicable, to instruct, or cause the Custodian to instruct, the CUFS Depositary to vote or cause to be voted, the Shares underlying the CUFS in accordance with the instructions received by the Depositary from Owners. The Depositary shall not instruct, or cause the Custodian to instruct, the CUFS Depositary to vote the Shares other than in accordance with such Owner's instructions.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the Instruction Date to ensure that the Depositary will have enough time to instruct the CUFS Depositary to vote or that the CUFS Depositary will vote the Shares in accordance with the provisions set forth in the preceding paragraph.

SECTION 4.08 Changes Affecting Deposited Securities.

In circumstances where the provisions of Section 4.03 do not apply, upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of Deposited Securities or Shares represented by Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Issuer or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for or in conversion of or in respect of Deposited Securities, shall be treated as new Deposited Securities under this Deposit Agreement, and American Depositary Shares shall thenceforth represent the new Deposited Securities so received in exchange or conversion, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may, and shall if the Issuer shall so request, execute and deliver additional Receipts as in the case of a distribution of

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Shares which results in the issuance of CUFS, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

SECTION 4.09 Reports.

The Depositary shall make available for inspection by Owners at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Issuer or the CUFS Depositary which are both (a) received by the Depositary and the Custodian as the holder of the Deposited Securities or by the CUFS Depositary as the holder of Shares underlying the CUFS and (b) made generally available to the holders of such Deposited Securities or of the Shares underlying the CUFS by the Issuer or the CUFS Depositary. The Depositary shall also, upon written request, send to the Owners copies of such reports furnished by the Issuer pursuant to Section 5.06. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Issuer shall be furnished in English.

SECTION 4.10 Lists of Owners.

Promptly upon request by the Issuer or the CUFS Depositary, the Depositary shall, at the expense of the Issuer, furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares by all persons in whose names Receipts are registered on the books of the Depositary.

SECTION 4.11 Withholding.

In the event that the Depositary determines that any distribution in property (including CUFS and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including CUFS and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges and the Depositary shall

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distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE ISSUER.

SECTION 5.01 Maintenance of Office and Transfer Books by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain in the Borough of Manhattan, The City of New York, facilities for the execution and delivery, registration, registration of transfers and surrender of Receipts in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners, provided that such inspection shall not be for the purpose of communicating with Owners in the interest of a business or object other than the business of the Issuer or a matter related to this Deposit Agreement or the Receipts.

The Depositary may close the transfer books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more stock exchanges in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registry of such Receipts in accordance with any requirements of such exchange or exchanges.

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SECTION 5.02 Prevention or Delay in Performance by the Depositary or the Issuer.

Neither the Depositary nor the Issuer nor any of their directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Association of the Issuer, or by reason of any act of God or war or other circumstances beyond its control, the Depositary or the Issuer or any of their directors, employees, agents or affiliates shall be prevented or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of this Deposit Agreement it is provided shall be done or performed; nor shall the Depositary or the Issuer incur any liability to any Owner or holder of any Receipt by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement. Where, by the terms of a distribution pursuant to Sections 4.01, 4.02, or 4.03 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.04 of the Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Owners, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse.

SECTION 5.03 Obligations of the Depositary, the Custodian and the Issuer.

The Issuer assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to Owners or holders of Receipts, except that it agrees to

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perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or holder of any Receipt (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Neither the Depositary nor the Issuer shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability shall be furnished as often as may be required, and the Custodian shall not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary.

Neither the Depositary nor the Issuer shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting CUFS for deposit, any Owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

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The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

SECTION 5.04 Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Issuer, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Issuer by 120 days prior written notice of such removal effective upon the later of (i) the 120th day after delivery of the notice to the Depositary or (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Issuer shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Issuer an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Issuer shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right,

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title and interest in the Deposited Securities to such successor, and shall deliver to such successor a list of the Owners of all outstanding Receipts. Any such successor depositary shall promptly mail notice of its appointment to the Owners.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.05 The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If upon such resignation there shall be no Custodian acting hereunder, the Depositary shall, promptly after receiving such notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian hereunder. Whenever the Depositary in its discretion determines that it is in the best interest of the Owners to do so, it may appoint substitute or additional custodian or custodians, which shall thereafter be one of the Custodians hereunder. Upon demand of the Depositary any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depositary, forthwith upon its appointment, an acceptance of such appointment satisfactory in form and substance to the Depositary.

Upon the appointment of any successor depositary hereunder, each Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depositary and the appointment of such successor depositary shall in no way impair the authority of each Custodian hereunder; but the successor depositary so appointed shall, nevertheless, on the written request of

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any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depositary.

SECTION 5.06 Notices and Reports.

On or before the first date on which the Issuer gives notice, by publication or otherwise, of any meeting of holders of Shares or Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights, the Issuer agrees to transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or Deposited Securities.

The Issuer will arrange for the translation into English and the prompt transmittal by the Issuer to the Depositary and the Custodian of such notices and any other reports and communications which are made generally available by the Issuer to holders of its Shares. If requested in writing by the Issuer, the Depositary will arrange for the mailing, at the Issuer's expense, of copies of such notices, reports and communications to all Owners. The Issuer will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings.

The Issuer shall deliver to the Depositary and the Custodian a copy (in English or with an English translation) of all provisions of or governing the CUFS. Promptly upon any change in those provisions, the Issuer shall deliver to the Depositary and the Custodian a copy (in English or with an English translation) of those provisions as changed. The Depositary and its agents may rely on the copy of those provisions for all purposes of this Deposit Agreement.

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SECTION 5.07 Distribution of Additional Shares, Rights, etc.

The Issuer agrees that in the event of any issuance or distribution of (1) additional CUFS or Shares underlying the CUFS, (2) rights to subscribe for CUFS or Shares underlying the CUFS, (3) securities convertible into or exchangeable for CUFS or Shares underlying the CUFS, or (4) rights to subscribe for such securities, (each a "Distribution") the Issuer will promptly furnish to the Depositary and the CUFS Depositary a written opinion from U.S. counsel for the Issuer, which counsel shall be satisfactory to the Depositary and the CUFS Depositary, stating whether or not the Distribution requires a registration statement under the Securities Act of 1933 to be in effect prior to making such Distribution available to Owners entitled thereto. If in the opinion of such counsel a registration statement is required, such counsel shall furnish to the Depositary a written opinion as to whether or not there is a registration statement in effect which will cover such Distribution.

The Issuer agrees with the Depositary that neither the Issuer nor any company controlled by, controlling or under common control with the Issuer will at any time deposit any Shares with the CUFS Depositary or cause the deposit of CUFS hereunder, either originally issued or previously issued and reacquired by the Issuer or any such affiliate, unless a Registration Statement is in effect as to such Shares or CUFS, as applicable, under the Securities Act of 1933.

SECTION 5.08 Indemnification.

The Issuer agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to, the fees and expenses of counsel) which may arise out of acts performed or omitted, in accordance with the provisions of this Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their

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respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Issuer or any of its directors, employees, agents and affiliates.

The Depositary agrees to indemnify the Issuer, its directors, employees, agents and affiliates and hold them harmless from any liability or expense which may arise out of acts performed or omitted by the Depositary or its Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

SECTION 5.09 Charges of Depositary.

The Issuer agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Issuer from time to time. The Depositary shall present its statement for such charges and expenses to the Issuer once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing CUFS or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Issuer or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.03), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of CUFS generally on the CHESS Subregister and applicable to transfers of CUFS to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable, telex and facsimile transmission expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.05, (5) a fee of

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$5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.03, 4.03 or 4.04 and the surrender of Receipts pursuant to Section 2.05 or 6.02, (6) a fee of $.02 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.01 through 4.04 hereof, (7) a fee for the distribution of securities pursuant to Section 4.02, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) a fee of $.02 or less per American Depositary Share (or portion thereof) for depositary services, which will accrue on the last day of each calendar year and which will be payable as provided in clause (9) below; provided, however, that no fee will be assessed under this clause (8) if a fee was charged pursuant to clause (6) above during that calendar year and (9) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of CUFS or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.06 and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Section 2.09 hereof, may own and deal in any class of securities of the Issuer and its affiliates and in Receipts.

SECTION 5.10 Retention of Depositary Documents.

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary unless the Issuer requests that such

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papers be retained for a longer period or turned over to the Issuer or to a successor depositary.

SECTION 5.11 Exclusivity.

The Issuer agrees not to appoint any other depositary for issuance of American Depositary Receipts so long as The Bank of New York is acting as Depositary hereunder.

SECTION 5.12 List of Restricted Securities Owners.

From time to time, the Issuer shall provide to the Depositary a list setting forth, to the actual knowledge of the Issuer, those persons or entities who beneficially own Restricted Securities and the Issuer shall update that list on a regular basis. The Issuer agrees to advise in writing each of the persons or entities so listed that such Restricted Securities are ineligible for deposit hereunder. The Depositary may rely on such a list or update but shall not be liable for any action or omission made in reliance thereon.

ARTICLE 6. AMENDMENT AND TERMINATION.

SECTION 6.01 Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Issuer and the Depositary in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding Receipts until the expiration of thirty days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and

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agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.02 Termination.

The Depositary shall at any time at the direction of the Issuer terminate this Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 90 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate this Deposit Agreement by mailing notice of such termination to the Issuer and the Owners of all Receipts then outstanding if at any time 90 days shall have expired after the Depositary shall have delivered to the Issuer a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.04. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.05, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting,

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in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of one year from the date of termination, the Depositary may sell the Deposited Securities then held hereunder and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of this Deposit Agreement, the Issuer shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.08 and 5.09 hereof.

ARTICLE 7. MISCELLANEOUS.

SECTION 7.01 Counterparts.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depositary and the Custodians and shall be open to inspection by any holder or Owner of a Receipt during business hours.

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SECTION 7.02 No Third Party Beneficiaries.

Notwithstanding any terms to the contrary hereof, this Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.03 Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.04 Holders and Owners as Parties; Binding Effect.

The holders and Owners of Receipts from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance thereof.

SECTION 7.05 Notices.

Any and all notices to be given to the Issuer shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to James Hardie Industries N.V., World Trade Center, Strawinskylaan 1725, 1077 JE Amsterdam, The Netherlands, Attention: Company Secretary or any other place to which the Issuer may have transferred its principal office.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to The Bank of New York, 101 Barclay Street, New York, New York 10286, Attention: American Depositary Receipt

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Administration, or any other place to which the Depositary may have transferred its Corporate Trust Office.

Any and all notices to be given to any Owner shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to such Owner at the address of such Owner as it appears on the transfer books for Receipts of the Depositary, or, if such Owner shall have filed with the Depositary a written request that notices intended for such Owner be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or cable, telex or facsimile transmission shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box. The Depositary or the Issuer may, however, act upon any cable, telex or facsimile transmission received by it, notwithstanding that such cable, telex or facsimile transmission shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.06 Governing Law.

This Deposit Agreement and the Receipts shall be interpreted and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

SECTION 7.07 Compliance with U.S. Securities Laws.

Notwithstanding any terms of this Deposit Agreement to the contrary, the Issuer and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to prevent the withdrawal or delivery of Deposited Securities in a manner which would violate the United States securities laws, including, but not limited

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to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act of 1933.

SECTION 7.08 Submission to Jurisdiction; Appointment of Agent for Service of Process.

The Issuer hereby (i) irrevocably designates and appoints National Registered Agents, Inc., 440 9th Avenue, 5th Floor, New York, New York 10001, as the Issuer's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consents and submits to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be instituted, and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Issuer in any such suit or proceeding. The Issuer agrees to deliver, upon the execution and delivery of this Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Issuer further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or this Agreement remains in force. In the event the Issuer fails to continue such designation and appointment in full force and effect, the Issuer hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Issuer at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

SECTION 7.09 Effective Date.

The Issuer and the Depositary hereby agree that the effective date (the "Effective Date") of the Deposit Agreement shall be the date on which the Commission

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declares effective the Form F-6 Registration Statement to which this Deposit Agreement is attached as Exhibit A(1).

SECTION 7.10 Summary in Respect of CHESS and CUFS.

The American Depositary Shares represent deposited CUFS. The Receipt shall contain the following description of CHESS and CUFS:

CHESS

CHESS facilitates the transfer of legal title and settlement of market transactions in Australia with an electronic subregister system. CHESS, which is operated by ASX Settlement and Transfer Corporation Pty Limited (herein called ASTC), is the approved securities clearing house (SCH) under s779B of the Australian Corporations Act 2001 (the "Australian Corporations Act"). This allows legal title to equities to be validly transferred electronically by virtue of provisions in the Australian Corporations Act and the SCH Business Rules.

Shares of the Issuer may be transferred and held indirectly in CHESS through the issue of CUFS.

CUFS

CUFS are a unit of beneficial ownership in a security of a foreign issuer, registered in the name of the depositary nominee. The depositary nominee for the Issuer is CHESS Depositary Nominees Pty Limited (herein called the CUFS Depositary). The CUFS Depositary is a subsidiary of Australian Stock Exchange Limited (herein called the ASX). The principal executive office of the CUFS Depositary is located as of the date of the Deposit Agreement at Level 8, 20 Bridge Street, Sydney NSW 2000, Australia.

The Articles of Association of the Issuer contain certain provisions that are relevant to CUFS holders, including, without limitation, any provisions therein relating to

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substantial shareholdings and any provisions therein relating to a change in control of the Issuer. In addition, the terms and conditions relating to CUFS are determined in accordance with the Australian Corporations Act and the SCH Business Rules. Those principal terms and conditions are briefly described as follows:

(i) Title to CUFS

Each CUFS represents a unit of beneficial ownership in one Share. Legal title to the underlying Shares will be held by the CUFS Depositary on behalf and for the benefit of CUFS holders.

(ii) Voting

CUFS holders are entitled to direct the CUFS Depositary as to how to exercise the voting rights with respect to the underlying Shares represented by the CUFS.

(iii) Economic Entitlements

CUFS holders are entitled to receive from the Issuer directly all dividends, bonus issues, rights issues and any other economic entitlements in respect of the underlying Shares represented by the CUFS as if they were the legal owners of the Shares.

(iv) Fees

The CUFS Depositary shall charge no fees or expenses to the CUFS holder for its services. In the event fees or expenses are accrued in connection with the services provided by the CUFS Depositary, such fees and expenses shall be paid by the Issuer to the CUFS Depositary.

(v) Immobilization of Shares

The certificate issued to the CUFS Depositary as evidence of its legal title to Shares is held by the Issuer for safekeeping. The CUFS Depositary may not create any

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interest (including a security interest) which is inconsistent with its title to the Shares and the interests of the holders of CUFS in respect of Shares unless authorized by the SCH Business Rules.

(vi) Evidence of Ownership

The holders of CUFS will not receive physical certificates. The Issuer will register the Shares in the name of the CUFS Depositary and the CUFS Depositary will create uncertificated CUFS holdings in the names of the holders. Statements of beneficial ownership will be issued to all CUFS holders, including to the Custodian on behalf of holders of Receipts.

CUFS holders who are sponsored by brokers or non-brokers that participate in CHESS will receive periodic Holding Statements. The Custodian, as a sponsored CUFS holder, shall receive periodic Holding Statements. SCH will issue the Holding Statements on behalf of the CUFS Depositary. CUFS holders who are sponsored by the Issuer will receive uncertificated holding statements from the Issuer's Australian registry on behalf of the CUFS Depositary.

(vii) Converting CUFS to Shares

A holder of CUFS in CHESS who wishes to convert CUFS to Shares of the Issuer can do so by instructing its sponsoring CHESS participant (ie, broker or non-broker participant). The participant transmits a CHESS message to the Issuer's registry instructing the registry to transfer the Shares from the CUFS Depositary into the name of the holder. The transfer is effected by a written instrument signed by the CUFS Depositary, as transferor, and the CUFS holder, as transferee, to which instrument the Issuer is a signatory or which instrument is served upon, or acknowledged by, the Issuer. The Issuer will then record the holder as registered owner of the Shares on the shareholder register and will, if required, issue a certificate to the holder.

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Holders of Shares who wish to convert Shares back to CUFS in CHESS, can do so by lodging the Share certificate, if applicable, with their sponsoring CHESS participant and signing the seller side of an Australian standard transfer form. The participant lodges the Share certificate and transfer form with the Issuer's registry and transmits a CHESS message to the Issuer's registry instructing the registry to establish a CHESS holding. The registry then transfers the securities from the holder's name into the name of the CUFS Depositary and establishes a CUFS holding in the name of the holder. CHESS, on behalf of the CUFS Depositary, issues a Holding Statement to the CUFS holders.

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IN WITNESS WHEREOF, JAMES HARDIE INDUSTRIES N.V. and THE BANK OF NEW YORK have duly executed this agreement as of the day and year first set forth above and all Owners shall become parties hereto upon acceptance by them of Receipts issued in accordance with the terms hereof.

JAMES HARDIE INDUSTRIES N.V.

By /s/ Peter D. Macdonald

THE BANK OF NEW YORK,
as Depositary

By: /s/ Vincent J. Cahill, Jr.

Vincent J. Cahill, Jr.
Vice President

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Exhibit A to Deposit Agreement

NO. _____

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share represents
five (5) deposited CUFS)

THE BANK OF NEW YORK
AMERICAN DEPOSITARY RECEIPT
FOR CHESS UNITS OF FOREIGN SECURITIES
REPRESENTING ORDINARY SHARES OF THE
PAR VALUE OF 0.50 EURO EACH OF
JAMES HARDIE INDUSTRIES N.V.
(INCORPORATED UNDER THE LAWS OF THE NETHERLANDS)

The Bank of New York as depositary (hereinafter called the "Depositary"), hereby certifies that_____, or registered assigns IS THE OWNER OF

AMERICAN DEPOSITARY SHARES

representing deposited CHESS Units of Foreign Securities (herein called "CUFS") of James Hardie Industries N.V., incorporated under the laws of The Netherlands (herein called the "Company"). At the date hereof, each American Depositary Share represents five (5) CUFS which are either deposited or subject to deposit under the deposit agreement at the Australian office of Australia and New Zealand Banking Group Limited (herein called the "Custodian"). The Depositary's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITARY'S CORPORATE TRUST OFFICE ADDRESS IS
101 BARCLAY STREET, NEW YORK, N.Y. 10286

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1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of September 24, 2001 (herein called the "Deposit Agreement"), by and among the Company, the Depositary, and all Owners and holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and holders of the Receipts and the rights and duties of the Depositary in respect of the CUFS deposited thereunder and any and all other securities, property and cash from time to time received in respect of such CUFS and held thereunder (such CUFS, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF CUFS.

Upon surrender at the Corporate Trust Office of the Depositary of this Receipt, and upon payment of the fee of the Depositary provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Owner hereof is entitled to (i) with respect to the CUFS or other uncertificated Deposited Securities held through CHESS evidenced by such Receipt, instruct the Depositary to procure the electronic transfer through CHESS of such CUFS or such other uncertificated Deposited Securities to an account in the name of the Owner or such other name as the Owner may direct and (ii) physical delivery, to or upon the order of such Owner, of any other Deposited Securities at the time represented by the American Depositary Shares for which this Receipt is issued. Delivery of such other Deposited Securities, if applicable, may be made by the delivery of (a) certificates in the name of the Owner hereof or as ordered by him or by certificates properly endorsed or accompanied by proper instruments of transfer to such Owner or as ordered by him and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt to such Owner or as ordered by him. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depositary, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depositary shall be at the risk and expense of the Owner hereof. Notwithstanding any other provision of the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may be suspended only for (i) temporary delays caused by closing the transfer books of the

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Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities.

3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.

The transfer of this Receipt is registrable on the books of the Depositary at its Corporate Trust Office by the Owner hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary and upon compliance with such regulations, if any, as the Depositary may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Company, the CUFS Depositary, the Custodian, or Registrar may require payment from the depositor of CUFS or the presentor of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to CUFS being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement or this Receipt.

The delivery of Receipts against deposits of CUFS generally or against deposits of particular CUFS may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary, the Company, or the CUFS Depositary at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to Article (22) hereof. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any CUFS if such CUFS, or the Shares underlying such CUFS, would be required to be registered under the provisions of the Securities Act of 1933, unless a registration statement is in effect as to such CUFS or Shares as applicable.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental

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charge shall be payable by the Owner hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner hereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner hereof shall remain liable for any deficiency.

5. WARRANTIES OF DEPOSITORS.

Every person depositing CUFS under the Deposit Agreement shall be deemed thereby to represent and warrant that such CUFS are validly issued, fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such CUFS and the sale of Receipts evidencing American Depositary Shares representing such CUFS by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of CUFS and issuance of Receipts.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting CUFS for deposit or any Owner of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the CHESS Subregister, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No CUFS shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any applicable governmental body which is then performing the function of the regulation of currency exchange.

7. CHARGES OF DEPOSITARY.

The Company agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

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The following charges shall be incurred by any party depositing or withdrawing CUFS or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.03 of the Deposit Agreement), whichever applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of CUFS generally on the CHESS Subregister and applicable to transfers of CUFS to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.05 of the Deposit Agreement, (5) a fee of $5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Sections 2.03, 4.03 or 4.04, and the surrender of Receipts pursuant to Sections 2.05 or 6.02 of the Deposit Agreement, (6) a fee of $.02 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement including, but not limited to Sections 4.01 through 4.04 thereof, (7) a fee for the distribution of securities pursuant to Section 4.02 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) a fee of $.02 or less per American Depositary Share (or portion thereof) for depositary services, which will accrue on the last day of each calendar year and which will be payable as provided in clause (9) below; provided, however, that no fee will be assessed under this clause (8) if a fee was charged pursuant to clause (6) above during that calendar year and (9) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of CUFS or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.06 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Article (8) hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

8. PRE-RELEASE OF RECEIPTS.

Notwithstanding Section 2.03 of the Deposit Agreement, the Depositary may execute and deliver Receipts prior to the receipt of CUFS pursuant to Section 2.02 of the Deposit Agreement ("Pre-Release"). The Depositary may, pursuant to Section 2.05 of the Deposit Agreement, deliver CUFS upon the receipt and cancellation of Receipts which

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have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of CUFS in satisfactory of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom Receipts are to be delivered that such person, or its customer, owns the CUFS or Receipts to be remitted, as the case may be, (b) at all times fully collateralized with cash or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of American Depositary Shares which are outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the CUFS deposited under the Deposit Agreement; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate.

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

9. TITLE TO RECEIPTS.

It is a condition of this Receipt and every successive holder and Owner of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary and, if a Registrar for the Receipts shall have been appointed, countersigned by the manual or facsimile signature of a duly authorized officer of the Registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission (hereinafter called the "Commission").

Such reports and communications will be available for inspection and copying at the public reference facilities maintained by the Commission located at 450 Fifth Street, N.W., Washington, D.C. 20549.

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The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company or the CUFS Depositary which are both (a) received by the Depositary and the Custodian as the holder of the Deposited Securities or by the CUFS Depositary as the holder of Shares underlying the CUFS and (b) made generally available to the holders of such Deposited Securities or of the Shares underlying the CUFS by the Company or the CUFS Depositary. The Depositary shall also, upon written request, send to the Owners of Receipts copies of such reports furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English.

The Depositary shall keep books for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners of Receipts, provided that such inspection shall not be for the purpose of communicating with Owners of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into Dollars if such cash dividend or other cash distribution is not received in Dollars and shall distribute the amount thus received (net of the fees of the Depositary as provided in the Deposit Agreement, if applicable) to the Owners of Receipts entitled thereto, provided, however, that in the event that the Company, the CUFS Depositary, the Custodian, or the Depositary shall be required to withhold and does withhold from such cash dividend or such other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Owners of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Sections 4.11 and 5.09 of the Deposit Agreement, whenever the Depositary shall receive any distribution other than a distribution described in Sections 4.01, 4.03 or 4.04 of the Deposit Agreement, the Depositary shall cause the securities or property received by it to be distributed to the Owners of Receipts entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and

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practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees of the Depositary as provided in Section 5.09 of the Deposit Agreement) shall be distributed by the Depositary to the Owners of Receipts entitled thereto as in the case of a distribution received in cash. Any distributions received by the Depositary and not distributed to the Owner entitled thereto or sold as provided in Section 4.02 of the Deposit Agreement shall be deemed to Deposited Securities and shall be represented by such Owner's Receipts.

If any distribution upon any Deposited Securities or any securities of the Company represented by any Deposited Securities results in a dividend in, or free distribution of, CUFS, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of CUFS received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of CUFS and the issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees of the Depositary as provided in Section 5.09 of the Deposit Agreement. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the amount of CUFS represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions set forth in the Deposit Agreement. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional CUFS distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including CUFS and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including CUFS and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

13. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall

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have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.09 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

14. RIGHTS.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities, or any securities of the Company represented by any Deposited Securities, any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its discretion that it is lawful and feasible to make such rights available to all Owners or to certain Owners but not to other Owners, the Depositary may distribute, to any Owner to whom it determines the distribution to be

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lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to the Depositary from such Owner to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the relevant security to be received upon the exercise of the rights, and upon payment of the fees of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the relevant security, and the Company shall cause the relevant security, if Shares, to be delivered to the CUFS Depositary on behalf of such Owner with instructions to issue CUFS representing such Shares and deliver them to the Custodian. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.02 of the Deposit Agreement, and shall, pursuant to Section 2.03 of the Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this Article, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions on sale, deposit, cancellation and transfer under such laws.

If the Depositary determines in its discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees of the Depositary as provided in Section 5.09 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the

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Securities Act of 1933 with respect to a distribution to Owners or are registered under the provisions of such Act. If an Owner of Receipts requests distribution of warrants or other instruments, notwithstanding that there has been no such registration under such Act, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

15. RECORD DATES.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities or any securities of the Company represented by any Deposited Securities, or whenever for any reason the Depositary causes a change in the number of CUFS that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of holders of CUFS or the Shares underlying the CUFS or other Deposited Securities, the Depositary shall fix a record date which date shall, to the extent practicable, be the same date as the record date set with respect to the Shares, if any, (a) for the determination of the Owners of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof or (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (b) on or after which each American Depositary Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

16. VOTING OF DEPOSITED SECURITIES.

Upon receipt of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners of Receipts a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received from the CUFS Depositary or the Company, (b) a statement that the Owners of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of Netherlands law and of the Articles of Association of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the number of Shares represented by CUFS or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given. Upon the written request of an Owner of a Receipt on such record date, received on or before the date established by the Depositary for such purpose (the "Instruction Date"), the Depositary shall endeavor, in so far as practicable, to instruct, or cause the Custodian to instruct, the CUFS Depositary to vote or cause to be voted, the Shares underlying the CUFS in accordance with the instructions received by the Depositary from Owners. The

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Depositary shall not instruct, or cause the Custodian to instruct, the CUFS Depositary to vote the Shares other than in accordance with such Owner's instructions.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the Instruction Date to ensure that the Depositary will have enough time to instruct the CUFS Depositary to vote or that the CUFS Depositary will vote the Shares in accordance with the provisions set forth in the preceding paragraph.

17. CHANGES AFFECTING DEPOSITED SECURITIES.

In circumstances where the provisions of Section 4.03 of the Deposit Agreement do not apply, upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of Deposited Securities or Shares represented by Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for or in conversion of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depositary Shares shall thenceforth represent the new Deposited Securities so received in exchange or conversion, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may, and shall if the Company shall so request, execute and deliver additional Receipts as in the case of a distribution of Shares which results in the issuance of CUFS, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Association of the Company, or by reason of any act of God or war or other circumstances beyond its control, the Depositary or the Company or any of their respective directors, employees, agents or affiliates shall be prevented or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of the Deposit Agreement it is provided shall be done or performed; nor shall the Depositary or the Company incur any liability to any Owner or holder of a Receipt by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement. Where, by the terms of a distribution pursuant to Sections 4.01, 4.02 or 4.03 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.04 of the Deposit Agreement, or for any

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other reason, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or holders of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability shall be furnished as often as may be required, and the Custodian shall not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting CUFS for deposit, any Owner or holder of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to, the fees and expenses of counsel) which may arise out of acts performed or omitted, in accordance with the provisions of the Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

19. RESIGNATION AND REMOVAL OF THE DEPOSITARY.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, such

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resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal, effective upon the later of (i) the 120th day after delivery of the notice to the Depositary or (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. Whenever the Depositary in its discretion determines that it is in the best interest of the Owners of Receipts to do so, it may appoint substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of thirty days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

The Depositary shall at any time at the direction of the Company terminate the Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 90 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Owners of all Receipts then outstanding if at any time 90 days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.05 of the Deposit Agreement and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary

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thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges). At any time after the expiration of one year from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary under Sections 5.08 and 5.09 of the Deposit Agreement.

22. COMPLIANCE WITH U.S. SECURITIES LAWS.

Notwithstanding any terms of the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to prevent the withdrawal or delivery of Deposited Securities in a manner which would violate the United States securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act of 1933.

23. SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.

The Company hereby (i) irrevocably designates and appoints National Registered Agents, Inc., 440 9th Avenue, 5th Floor, New York, New York 10001, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consents and submits to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be

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instituted, and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of this Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or this Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

24. EFFECTIVE DATE.

The Company and the Depositary agree that the effective date (the "Effective Date") of the Deposit Agreement shall be the date on which the Commission declares effective the Form F-6 Registration Statement to which the Deposit Agreement is attached as Exhibit A(1).

25. SUMMARY IN RESPECT OF CHESS AND CUFS.

The American Depositary Shares represent deposited CUFS. The following is a summary description of CHESS and CUFS:

CHESS

CHESS facilitates the transfer of legal title and settlement of market transactions in Australia with an electronic subregister system. CHESS, which is operated by ASX Settlement and Transfer Corporation Pty Limited (herein called ASTC), is the approved securities clearing house (SCH) under s779B of the Australian Corporations Act 2001 (the "Australian Corporations Act") This allows legal title to equities to be validly transferred electronically by virtue of provisions in the Australians Corporation Law and the SCH Business Rules.

Shares of the Company may be transferred and held indirectly in CHESS through the issue of CUFS.

CUFS

CUFS are a unit of beneficial ownership in a security of a foreign issuer, registered in the name of the depositary nominee. The depositary nominee for the Company is CHESS Depositary Nominee Pty Limited (herein called the CUFS Depositary). The CUFS Depositary is a subsidiary of Australian Stock Exchange Limited (herein called the ASX). The principal executive office of the CUFS Depositary is located

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as of the date of the Deposit Agreement at Level 8, 20 Bridge Street, Sydney NSW 2000, Australia.

The Articles of Association of the Company contain certain provisions that are relevant to CUFS holders, including, without limitation, any provisions therein relating to substantial shareholdings and any provisions therein relating to a change in control of the Company. In addition, the terms and conditions relating to CUFS are determined in accordance with the Australian Corporations Act and the SCH Business Rules. Those principal terms and conditions are briefly described as follows:

(i) Title to CUFS

Each CUFS represents a unit of beneficial ownership in one Share. Legal title to the underlying Shares will be held by the CUFS Depositary on behalf and for the benefit of CUFS holders.

(ii) Voting

CUFS holders are entitled to direct the CUFS Depositary as to how to exercise the voting rights with respect to the underlying Shares represented by the CUFS.

(iii) Economic Entitlements

CUFS holders are entitled to receive from the Company directly all dividends, bonus issues, rights issues and any other economic entitlements in respect of the underlying Shares represented by the CUFS as if they were the legal owners of the underlying Shares.

(iv) Fees

The CUFS Depositary shall charge no fees or expenses to the CUFS holder for its services. In the event fees or expenses are accrued in connection with the services provided by the CUFS Depositary, such fees and expenses shall be paid by the Company to the CUFS Depositary.

(v) Immobilization of Shares

The certificate issued to the CUFS Depositary as evidence of its legal title to Shares is held by the Company for safekeeping. The CUFS Depositary may not create any interest (including a security interest) which is inconsistent with its title to the Shares and the interests of the holders of CUFS in respect of Shares unless authorized by the SCH Business Rules.

(vi) Evidence of Ownership

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The holders of CUFS will not receive physical certificates. The Company will register the Shares in the name of the CUFS Depositary and the CUFS Depositary will create uncertificated CUFS holdings in the names of the investors. Statements of beneficial ownership will be issued to all CUFS holders, including to the Custodian on behalf of holders of Receipts.

CUFS holders who are sponsored by brokers or non-brokers that participate in CHESS will receive periodic Holding Statements. The Custodian, as a sponsored CUFS holder, shall receive periodic Holding Statements. SCH will issue the Holding Statements on behalf of the CUFS Depositary. CUFS holders who are sponsored by the Company will receive uncertificated holding statements from the Company's Australian registry on behalf of the CUFS Depositary.

(vii) Converting CUFS to Shares

A holder of CUFS in CHESS who wishes to convert their CUFS to Shares of the Company can do so by instructing its sponsoring CHESS participant (ie, broker or non-broker participant). The participant transmits a CHESS message to the Company's registry instructing the registry to transfer the Shares from the CUFS Depositary into the name of the holder. The transfer is effected by a written instrument signed by the CUFS Depositary, as transferor, and the CUFS holder, as transferee, to which instrument the Company is a signatory or which instrument is served upon, or acknowledged by, the Company. The Company will then record the holder as registered owner of the Shares on the shareholder register and will, if required, issue a certificate to the holder.

Holders of Shares who wish to convert Shares back to CUFS in CHESS, can do so by lodging the Share certificate, if applicable, with their sponsoring CHESS participant and signing the seller side of an Australian standard transfer form. The participant lodges the Share certificate and transfer form with the Company's registry and transmits a CHESS message to Company's registry instructing the registry to establish a CHESS holding. The registry then transfers the securities from the holder's name into the name of the CUFS Depositary and establishes a CUFS holding in the name of the holder. CHESS, on behalf of the CUFS Depositary, issues a Holding Statement to the CUFS holders.

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EXHIBIT 2.3

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JAMES HARDIE FINANCE B.V., AS ISSUER

JAMES HARDIE N.V., AS GUARANTOR

NOTE PURCHASE AGREEMENT

DATED NOVEMBER 5, 1998

$225,000,000
GUARANTEED SENIOR NOTES

6.86% Guaranteed Senior Notes due 2004, Series A--$24,000,000
6.92% Guaranteed Senior Notes due 2005, Series B--$35,000,000
6.99% Guaranteed Senior Notes due 2006, Series C--$37,000,000
7.05% Guaranteed Senior Notes due 2007, Series D--$11,000,000
7.12% Guaranteed Senior Notes due 2008, Series E--$63,000,000
7.24% Guaranteed Senior Notes due 2010, Series F--$20,000,000
7.42% Guaranteed Senior Notes due 2013, Series G--$35,000,000

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JAMES HARDIE FINANCE B.V., AS ISSUER
JAMES HARDIE N.V., AS GUARANTOR
26300 La Alameda, Suite 250
Mission Viejo, CA 92691

GUARANTEED SENIOR NOTES

November 5, 1998

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

James Hardie Finance B.V., a company incorporated under the laws of The Netherlands with its corporate seat at Amsterdam, The Netherlands (the "ISSUER"), and James Hardie N.V., a company incorporated under the laws of The Netherlands with its corporate seat at Amsterdam, The Netherlands (the "GUARANTOR" and, collectively with the Issuer, the "OBLIGORS") agree with you as follows:

1. AUTHORIZATION OF NOTES.

The Issuer will authorize the issue and sale of $225,000,000 aggregate principal amount of its Guaranteed Senior Notes (the "NOTES", such term to include any such notes issued in substitution therefor pursuant to Section 15 of this Agreement or the Other Agreements (as hereinafter defined)). The Notes will be issued in seven separate series which shall be entitled, shall be issued in such amounts, shall bear interest and shall mature as follows:

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TITLE	PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE
<S>	<C>	<C>	<C>
Series A	$24,000,000	6.86%	November 5, 2004
Series B	35,000,000	6.92%	November 5, 2005
Series C	37,000,000	6.99%	November 5, 2006
Series D	11,000,000	7.05%	November 5, 2007
Series E	63,000,000	7.12%	November 5, 2008
Series F	20,000,000	7.24%	November 5, 2010
Series G	35,000,000	7.42%	November 5, 2013

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The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Issuer. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement and references to "this Agreement" shall mean this Agreement as it may from time to time be amended or supplemented. Payment of the principal of, and Make-Whole Amount (if any) and interest on, the Notes, and

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performance by the Issuer of all of its obligations under this Agreement, will be unconditionally guaranteed by the Guarantor as provided in Section 11 hereof.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Issuer will issue and sell to you and you will purchase from the Issuer, at the Closing provided for in Section 3, Notes in the principal amount and of the particular series specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Issuer is entering into separate Note Purchase Agreements (the "OTHER AGREEMENTS") identical with this Agreement with each of the other purchasers named in Schedule A (the "OTHER PURCHASERS"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount and of the particular series specified opposite its name in Schedule A. Your obligation hereunder and the obligations of the Other Purchasers under the Other Agreements are several and not joint obligations and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or non-performance by any Other Purchaser thereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Willkie Farr & Gallagher, 787 Seventh Avenue, New York, NY 10019, at 10:00 a.m., New York time, at a closing (the "CLOSING") on November 5, 1998 or on such other Business Day thereafter as may be agreed upon by the Issuer and you and the Other Purchasers. At the Closing, the Issuer will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Issuer or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds as follows:

BankAmerica International, New York
Swift Code: BOFAUS3N
ABA No.: 026009593
for the account of:
James Hardie Finance Limited
CHIPS UID: 258417
A/c 6550-6-07300

If at the Closing the Issuer shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such non-fulfillment.

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4. CONDITIONS TO CLOSING

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. REPRESENTATIONS AND WARRANTIES.

The representations and warranties of each Obligor in this Agreement shall be correct when made and at the time of the Closing.

4.2. PERFORMANCE; NO DEFAULT.

Each Obligor shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing. Except as otherwise contemplated by the Memorandum, neither Obligor nor any of their respective Subsidiaries shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1, 10.3, 10.4 or 10.6 hereof had such Sections applied since such date.

4.3. COMPLIANCE CERTIFICATES.

(a) Officer's Certificate. Each Obligor shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2, 4.9 and 4.11 have been fulfilled.

(b) Secretary's Certificate. Each Obligor shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the documents to which such Obligor is a party and the incumbency and authority of persons executing such documents.

4.4. OPINIONS OF COUNSEL.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from (i) Gibson, Dunn & Crutcher LLP, (ii) De Brauw Blackstone Westbroek P.C. and (iii) Allen Allen & Hemsley, counsel for the Obligors, in substantially the forms set forth in Exhibits 4.4(a)(i), 4.4 (a)(ii) and 4.4(a)(iii), respectively, and in each case covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and each Obligor hereby instructs its counsel to deliver such opinion to you) and (b) from Willkie Fair & Gallagher, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

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4.5. PURCHASE PERMITTED BY APPLICABLE LAW, ETC.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. SALE OF OTHER NOTES.

Contemporaneously with the Closing the Issuer shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7. PAYMENT OF SPECIAL COUNSEL FEES.

Without limiting the provisions of Section 17.1, the Issuer shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Issuer at least one Business Day prior to the Closing.

4.8. PRIVATE PLACEMENT NUMBER.

A private placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. CHANGES IN CORPORATE STRUCTURE.

Except in connection with the Reorganization or as specified in Schedule 4.9, each Obligor shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10. EXECUTION OF SUBSIDIARY GUARANTEE.

The Subsidiary Guarantor shall have executed and delivered to you a Subsidiary Guarantee (the "SUBSIDIARY GUARANTEE") substantially in the form of Exhibit 4.10 hereto and the same shall be in full force and effect.

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4.11. CONCURRENT COMPLETION OF REORGANIZATION.

Contemporaneously with the Closing, the Reorganization shall have been consummated substantially as set forth in the Memorandum.

4.12. EVIDENCE OF CONSENT TO RECEIVE SERVICE OF PROCESS.

You shall have received, in form and substance reasonably satisfactory to you, evidence of the consent of CT Corporation System in New York, New York to the appointment and designation provided for by Section 24.6 (and the payment of all fees relating thereto).

4.13. PROCEEDINGS AND DOCUMENTS.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

The Issuer and the Guarantor jointly and severally represent and warrant to you that:

5.1. ORGANIZATION; POWER AND AUTHORITY.

Each of the Issuer and the Guarantor is a corporation duly incorporated and validly existing under the laws of The Netherlands, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Issuer has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to participate in the Reorganization as described in the Memorandum, to execute and deliver this Agreement, the Notes and the Other Agreements to which it is a party and to perform the provisions hereof and thereof. The Guarantor has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to participate in the Reorganization as described in the Memorandum, to execute and deliver this Agreement and the Other Agreements to which it is a party and to perform the provisions hereof and thereof. The Subsidiary Guarantor is a corporation duly organized and validly existing as a corporation under the laws of Australia and has all corporate power and authority to execute, deliver and perform its obligations under the Subsidiary Guarantee.

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5.2. AUTHORIZATION, ETC.

This Agreement, the Notes and the Other Agreements to which the Issuer is a party have been duly authorized by all necessary corporate action on the part of the Issuer, and this Agreement constitutes, and upon execution and delivery thereof, each Note will constitute, a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). This Agreement and the Other Agreements to which the Guarantor is a party have been duly authorized by all necessary corporate action on the part of the Guarantor, and this Agreement constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Subsidiary Guarantee has been duly authorized by all necessary corporate action on the part of the Subsidiary Guarantor and, upon execution and delivery thereof, will constitute a legal, valid and binding obligation of the Subsidiary Guarantor, enforceable against the Subsidiary Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. DISCLOSURE.

The Issuer, through its agent, Warburg Dillon Read LLC has delivered to you and each Other Purchaser a copy of a Private Placement Offering Memorandum, dated August 1998 (that Memorandum as supplemented by the information set forth in, or by reference in, Schedule 5.3, herein being referred to as the "MEMORANDUM"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Guarantor and the Issuer and the Reorganization. This Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of any Obligor in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since March 31, 1998 (and after giving effect to the Reorganization), there has been no change in the financial condition, operations, business, properties or prospects of any Obligor or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to any Obligor that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of any Obligor specifically for use in connection with the transactions contemplated hereby. Notwithstanding the foregoing, no Purchaser should rely on any information not contained either in the Memorandum, this Agreement or the documents provided by the Obligors in connection with the Closing, and

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any purchase made by any Purchaser on the basis of information not contained therein or inconsistent therewith is not authorized. Specifically, and without limitation, the Obligors do not make any representations or warranties with respect to the accuracy or inaccuracy of the statements contained in the Registration Statement of James Hardie N.V. on Form F-1, and the Purchasers should not rely on any such statements.

5.4. ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES.

(a) Schedule 5.4 contains (except as noted therein and after giving effect to the Reorganization) complete and correct lists (i) of the Guarantor's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization or incorporation, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Guarantor and each other Subsidiary, (ii) of the Guarantor's Affiliates, other than Subsidiaries, and (iii) of each Obligor's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Guarantor and its Subsidiaries (or to be so owned after giving effect to the Reorganization) have been (or as of the Closing will have been) validly issued, are (or at Closing will be) fully paid and nonassessable and are (or at Closing will be) owned by the Guarantor or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is (or after giving effect to the Reorganization at Closing will be) a corporation or other legal entity duly organized or incorporated, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has (or after giving effect to the Reorganization at Closing will have) the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Guarantor or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. FINANCIAL STATEMENTS.

The Guarantor has delivered to each Purchaser copies of the financial statements of the Guarantor and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Guarantor and its Subsidiaries as of the respective dates specified in such

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Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The "Pro Forma Statements" attached hereto as Exhibit 5.5 are derived from and consistent with the the aforesaid financial statements referred to and included in the Memorandum and comply as to form in all material respects with all applicable accounting regulations and pronouncements relating to pro forma financial statements. The assumptions on which the pro forma adjustments reflected in the Pro Forma Statements are based provide a reasonable basis for presenting the significant effects of the Reorganization and such pro forma adjustments give appropriate effect to such assumptions and are properly applied in the Pro Forma Statements. As of the date of the Closing and after giving effect to the Reorganization, the Pro Forma Statements will reflect the financial position and results of operations of the Guarantor and its Subsidiaries as of the dates and for the periods covered thereby, all on a pro forma basis as provided for therein.

5.6. COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC.

The execution, delivery and performance by each Obligor of this Agreement, the execution, delivery and performance by the Issuer of Notes and the execution, and performance of the Subsidiary Guarantee by the Subsidiary Guarantor will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of any Obligor or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which any Obligor or any Subsidiary is bound or by which any Obligor or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to any Obligor or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to any Obligor or any Subsidiary.

5.7. GOVERNMENTAL AUTHORIZATIONS, ETC.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance (a) by each Obligor of this Agreement, (b) by the Issuer of the Notes or (c) by the Subsidiary Guarantor of the Subsidiary Guarantee.

5.8. LITIGATION; OBSERVANCE OF AGREEMENTS, STATUTES AND ORDERS.

(a) There are no actions, suits or proceedings pending or, to the knowledge of either Obligor, threatened against or affecting any Obligor or any Subsidiary or any property of any Obligor or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

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(b) Neither Obligor nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(c) Schedule 5.3 sets forth a reasonably detailed description of all material litigation and other proceedings involving or affecting the Guarantor and its Subsidiaries (after giving effect to the Reorganization).

5.9. TAXES.

The Obligors and each Subsidiary have filed all tax returns that are required to have been filed in any jurisdiction, and have paid ail taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which such Obligor or such Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. Neither Obligor knows of any basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Guarantor and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate.

5.10. TITLE TO PROPERTY; LEASES.

The Obligors and each Subsidiary have (or after giving effect to the Reorganization at the Closing will have) good and sufficient title to its properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by any Obligor or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are (or after giving effect to the Reorganization at the Closing will be) valid and subsisting and are (or will be) in full force and effect in all material respects.

5.11. LICENSES, PERMITS, ETC.

Except as disclosed in Schedule 5.11 (and in each case after giving effect to the Reorganization),

(a) each of the Obligors and each Subsidiary owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

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(b) to the best knowledge of each of the Obligors, no product of any Obligor infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the best knowledge of each of the Obligors, there is no Material violation by any Person of any right of the Obligors or any Subsidiary with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by any Obligor or any Subsidiary.

5.12. COMPLIANCE WITH ERISA.

(a) The Obligors and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Obligors nor any ERISA Affiliate have incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Obligors or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Obligors or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "BENEFIT LIABILITIES" has the meaning specified in section 4001 of ERISA and the terms "CURRENT VALUE" and "PRESENT VALUE" have the meaning specified in section 3 of ERISA.

(c) The Obligors and their ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Guarantor's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Guarantor and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder and the execution and delivery of the Subsidiary Guarantee will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Obligors in the first sentence of this Section 5.12(e) is made in reliance upon

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and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13. PRIVATE OFFERING BY THE ISSUER.

Neither of the Obligors nor anyone acting on behalf of either of them has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you, the Other Purchasers and not more than 75 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Obligors nor anyone acting on behalf of either of them has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14. USE OF PROCEEDS; MARGIN REGULATIONS.

The Issuer will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Obligors in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of the Obligors and the Subsidiaries and the Obligors do not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. EXISTING DEBT; FUTURE LIENS.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Obligors and the Subsidiaries as of September 30, 1998, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Obligors or the Subsidiaries. Neither the Obligors nor any Subsidiary are in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any such Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Obligors nor any Subsidiary have agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

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5.16. FOREIGN ASSETS CONTROL REGULATIONS, ETC.

Neither the sale of the Notes by the Issuer hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17. STATUS UNDER CERTAIN STATUTES.

Neither the Obligors nor any Subsidiary are subject to regulation under the Investment Issuer Act of 1940, as amended, the Public Utility Holding Issuer Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18. ENVIRONMENTAL MATTERS.

Neither the Obligors nor any Subsidiary have knowledge of any claim or have received any notice of any claim, and no proceeding has been instituted raising any claim against any Obligor or any Subsidiary or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing (and in each case after giving effect to the Reorganization):

(a) neither the Obligors nor any Subsidiary have knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them in a manner contrary to any Environmental Laws or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Obligors nor any Subsidiary have stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and have not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Obligors or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19. YEAR 2000.

With respect to the Guarantor and its Subsidiaries (after giving effect to the Reorganization), (a) a review and assessment has been initiated of all areas within the Guarantor's and its Subsidiaries' business and operations (including those affected by suppliers, vendors and customers) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by the Guarantor or any of its Subsidiaries (or suppliers, vendors and customers) may be unable to recognize and properly perform date-sensitive functions involving

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certain dates prior to and any date after December 31, 1999), (b) a plan and timetable has been developed for addressing the Year 2000 Problem on a timely basis, and (c) to date, that plan has been implemented in accordance with that timetable. Any reprogramming required to avoid a Year 2000 Problem will be completed by June 30, 1999, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The cost to the Guarantor and its Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of the Year 2000 Problem to the Guarantor and its Subsidiaries (including reprogramming errors and the failure of others' systems or equipment) will not result in a Default or a Material Adverse Effect. Except for such reprogramming referred to in the preceding sentence as may be necessary, the computer and management information systems of the Guarantor and its Subsidiaries are and, with ordinary course upgrading and maintenance, will continue through the final maturity date of the Notes to be sufficient to permit the Guarantor and its Subsidiaries to conduct their respective businesses without a Material Adverse Effect.

6. REPRESENTATIONS OF THE PURCHASER.

6.1. PURCHASE FOR INVESTMENT.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Issuer is not required to register the Notes. You also represent that you are an Institutional Investor and that the Notes will not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter by you, directly or indirectly, other than to an Institutional Investor.

6.2. SOURCE OF FUNDS.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in PTCE 95-60 (issued July 12, 1995)) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTCE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with your state of domicile; or

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(b) if you are an insurance company, the Source does not include assets allocated to any separate account maintained by you in which any employee benefit plan (or its related trust) has any interest, other than a separate account that is maintained solely in connection with your fixed contractual obligations under which the amounts payable, or credited, to such plan and to any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of Prohibited Transaction Exemption ("PTE") 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Issuer in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Issuer and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Issuer in writing pursuant to this paragraph (d); or

(e) the Source is a governmental plan; or

(f) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Issuer in writing pursuant to this paragraph (f); or

(g) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

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7. INFORMATION AS TO THE OBLIGORS.

7.1. FINANCIAL AND BUSINESS INFORMATION.

The Guarantor shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Guarantor and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Guarantor and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Guarantor's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1 (a);

(b) Annual Statements -- within 105 days after the end of each fiscal year of the Guarantor, duplicate copies of,

(i) a consolidated balance sheet of the Guarantor and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Guarantor and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and provided that the delivery within the time period specified above of the Guarantor's Annual Report on Form 10-K for such fiscal year (together with the Guarantor's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in

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accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by any Obligor or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by any Guarantor or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by any Obligor or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 13(f), a written notice specifying the nature and period of existence thereof and what action each Obligor is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that each Obligor and each ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by any Obligor or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by any Obligor or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of any Obligor or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

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(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to any Obligor or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of any Obligor or any Subsidiary or relating to the ability of any Obligor to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2. OFFICER'S CERTIFICATE.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations)required in order to establish whether the Obligors were in compliance with the requirements of Sections 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Obligors and each Subsidiary from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of any Obligor or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action each Obligor shall have taken or proposes to take with respect thereto.

7.3. INSPECTION.

The Guarantor shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Guarantor, to visit the principal executive office of the Guarantor, to discuss the affairs, finances and accounts of the Guarantor and its Subsidiaries with the Guarantor's officers, and (with the consent of the Guarantor, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of

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the Guarantor, which consent will not be unreasonably withheld) to visit the other offices and properties of the Guarantor and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Guarantor to visit and inspect any of the offices or properties of the Guarantor or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Guarantor authorizes said accountants to discuss the affairs, finances and accounts of the Guarantor and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1. NO REQUIRED PREPAYMENTS.

The Notes shall be due and payable in full at maturity, without required prepayments.

8.2. OPTIONAL PREPAYMENTS WITH MAKE-WHOLE AMOUNT.

The Issuer may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than $10,000,000 aggregate principal amount in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Issuer will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Issuer shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date. Other than as provided under Section 14.1 hereof, no holder of any Note has the right to demand or cause a prepayment.

8.3. ALLOCATION OF PARTIAL PREPAYMENTS.

In the case of each partial prepayment of the Notes, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

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8.4. MATURITY; SURRENDER, ETC.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Issuer shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Issuer and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5. PURCHASE OF NOTES.

The Issuer will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Issuer will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.6. MAKE-WHOLE AMOUNT.

The term "MAKE-WHOLE AMOUNT" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"CALLED PRINCIPAL" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 14.1, as the context requires.

"DISCOUNTED VALUE" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New [ILLEGIBLE] City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" on the Bloomberg Financial Markets Service (or such other display as may replace Page PX1 on the Bloomberg Financial Markets Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such

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time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the average life closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the average life closest to and less than the Remaining Average Life.

"REMAINING AVERAGE LIFE" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled -Payment.

"REMAINING SCHEDULED PAYMENTS" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 14.1.

"SETTLEMENT DATE" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 14.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

Each Obligor covenants that so long as any of the Notes are outstanding:

9.1. COMPLIANCE WITH LAW.

The Guarantor will and will cause each of its Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits,

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franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. INSURANCE.

The Guarantor will and will cause each of its Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. MAINTENANCE OF PROPERTIES.

The Guarantor will and will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Guarantor or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Guarantor has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. PAYMENT OF TAXES AND CLAIMS.

The Guarantor will and will cause each of its Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Guarantor or any Subsidiary, provided that neither the Guarantor nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Guarantor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Guarantor or such Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Guarantor or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5. CORPORATE EXISTENCE, ETC.

The Guarantor will at all times preserve and keep in full force and effect its corporate existence and that of the Issuer (subject to the provisions of Section 10.2(i)). Subject to Section 10.2, the Guarantor will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Guarantor or a Subsidiary) and all rights and franchises of the Guarantor and its Subsidiaries unless, in the good faith judgment of

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the Guarantor, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6. NATURE OF BUSINESS.

Neither the Guarantor nor any Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Guarantor and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Guarantor and its Subsidiaries on the date of the Closing as contemplated by and after giving effect to the Reorganization.

9.7. ENVIRONMENTAL COMPLIANCE.

The Guarantor and each Subsidiary will (i) obtain and maintain all permits, licenses, and other authorizations that are required of it under all Environmental Laws other than those which the failure to obtain or maintain, individually or in the aggregate, could not reasonably be expected to have, a Material Adverse Effect, (ii) comply with all terms and conditions of all such permits, licenses, and authorizations and with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables contained in all Environmental Laws or in any regulation, ordinance or code applicable to it and any, plan, order, decree, judgment, injunction, notice, or demand letter issued, entered, promulgated, or approved thereunder directly applicable to it, except to the extent of any noncompliance which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and (iii) operate all property owned or leased by it such that no claim or obligation, including a clean-up obligation, which individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect shall arise under any Environmental Law, and if any claim is made against it or any such obligation shall arise under any Environmental Law, it shall at its own cost and expense, timely satisfy such claim or obligation, provided no such claim or obligation need be satisfied for so long as (A) it is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and (B) such reserves or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor.

9.8. OWNERSHIP OF ISSUER AND SUBSIDIARY GUARANTOR; ACTIVITIES.

Subject only to the provisions of Section 10.2(i), the Guarantor will at all times maintain the Issuer and the Subsidiary Guarantor as Wholly-Owned Subsidiaries of the Guarantor, and the capital stock of, and any other ownership interests in, the Issuer and the Subsidiary Guarantor will at all times remain free of any Lien. The Subsidiary Guarantor will engage only in the business of incurring the Debt represented by the Permitted Australian Credit Facilities and advancing as a loan or contribution the proceeds thereof to Wholly-Owned Subsidiaries of the Guarantor primarily engaged in business operations in Australia and (ii) being a party to the Subsidiary Guarantee (and any similar guarantee of Debt of the Issuer).

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9.9. COVENANT TO SECURE NOTES EQUALLY.

If the Guarantor or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of Section 10.3 (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to Section 19), it will make or cause to be made effective provision satisfactory in form and substance to the Required Holders (including, without limitation, opinions of counsel relating thereto) whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured. Securing the Notes as provided in this Section 9.9 shall not permit the existence of any Lien not otherwise permitted by Section 10.3.

10. NEGATIVE COVENANTS.

Each Obligor covenants that so long as any of the Notes are outstanding:

10.1. TRANSACTIONS WITH AFFILIATES.

The Guarantor will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Guarantor or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Guarantor's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Guarantor or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.2. MERGER, CONSOLIDATION; SALE OF ASSETS.

Neither the Guarantor nor any Subsidiary shall merge or consolidate with any other Person or sell, lease or transfer or otherwise dispose of its respective assets to any Person or Persons, except that:

(i) any Subsidiary may merge or consolidate with or sell, lease, transfer or otherwise dispose of all or any of its assets to the Guarantor or a Wholly-Owned Subsidiary (provided, that the Guarantor or such Wholly-Owned Subsidiary shall be the continuing or surviving corporation in the case of a merger or consolidation and, in the case of a merger or consolidation involving, or a sale of all or any substantial part of its assets by, a Subsidiary which is a corporation or other entity organized under the laws of, and having its principal place of business in, a state of the United States of America or the District of Columbia (a "US ENTITY"), the acquiring or surviving entity is a US Entity) and upon any such sale, transfer or other disposition of all or substantially all of such Subsidiary's assets, such Subsidiary may liquidate and dissolve;

(ii) the Guarantor may merge or consolidate with or convey, transfer or lease all or substantially all of its assets in a single integrated transaction to, any other corporation, limited liability company or limited partnership; provided, that (a) in the case of a merger or consolidation, the Guarantor shall be the continuing or surviving

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corporation or (b) the successor or acquiring Person (1) shall be solvent and organized under the laws of any state of the United States of America or the District of Columbia or the jurisdiction of incorporation of the Guarantor; and (2) shall expressly assume in writing all of the obligations and covenants of the Guarantor under this Agreement, and provided further, that in each case, immediately after and giving effect thereto, (A) no Default or Event of Default would exist and (B) the Guarantor would be permitted by the provisions of Section 10.4 to incur at least $1.00 of additional Funded Debt owing to a Person other than a Subsidiary of the Issuer;

(iii) the Guarantor and each Subsidiary may sell or lease, as lessor, inventory in the ordinary course of its business.

(iv) the Guarantor and each Subsidiary may dispose of equipment or other assets that have become obsolete or otherwise no longer useful or required for the conduct of its business, provided such that dispositions do not, individually or in the aggregate, constitute a liquidation of all or substantially all of the Guarantor's or any Subsidiary assets; and

(v) in addition to the matters set forth above, the Guarantor and any Subsidiary may sell, transfer or otherwise dispose of some or all of its respective properties or assets in a transaction not otherwise permitted pursuant to this Section 10.2 for fair and adequate consideration (a "DISPOSITION"), and if such Disposition is a Disposition of all or substantially all of the assets of a Subsidiary, such Subsidiary may thereafter liquidate and dissolve; provided, that immediately after and giving effect to any such Disposition, the greater of (a) the aggregate book value of each property and asset so sold (each an "ASSET SOLD" and collectively, the "ASSETS SOLD"), as reflected on the most recent consolidated balance sheet furnished to the holders pursuant to Section 7.1(a) prior to the date of Disposition of such Asset Sold, or (b) the aggregate net proceeds (with any non-cash proceeds being valued at its fair market value) of the Assets Sold (1) during the immediately preceding twelve months, less the aggregate amount of Qualifying Reinvestments, did not exceed more than 15% of Consolidated Total Assets as reflected on the most recent consolidated balance sheet delivered to the holders pursuant to Section 7.1(a) or (2) since the date of the Closing, less the aggregate amount of Qualifying Reinvestments, did not exceed more than 30% of Consolidated Total Assets as reflected on the most recent consolidated balance sheet delivered to the holders pursuant to Section 7.1(a);

provided, that, in each case other than the sale or lease of inventory pursuant to clause (iii) above or disposition of assets pursuant to clause (iv) above, no Default or Event of Default exists immediately before or immediately after giving effect to such sale, transfer or disposition of properties or assets or such merger or consolidation nor would any Default or Event of Default reasonably be expected to result therefrom.

For purposes of clause (v) of this Section 10.2, a "QUALIFYING REINVESTMENT" is the use of the proceeds, or of funds expended reasonably concurrently in anticipation of the proceeds (i.e. not more than three months prior to receipt of such proceeds), of Assets Sold not more than

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eighteen months after the date of a Disposition, to (a) purchase (x) assets usable in any business permitted to be conducted by Section 9.6, or (y) either (1) all of the outstanding capital stock or other equity interests of a Person which, immediately after such purchase, is a Wholly-Owned Subsidiary of the Guarantor and is engaged in a business permited to be conducted by Section 9.6, or (2) all or substantially all of the assets and business of a Person which is engaged in any business permitted to be conducted by Section 9.6; provided, that if the Assets Sold are subject to a Lien securing the Notes at the time of sale or other disposition, the assets, equipment, real property, improvements, capital stock or other equity interests purchased with the proceeds of such Assets Sold shall not constitute Qualifying Reinvestments unless promptly made subject to a Lien securing the Notes with the same priority and otherwise substantially the same terms and conditions as the Liens on the Assets Sold or (b) to make an optional prepayment of the Notes pursuant to Section 8.2 or to prepay any other Debt ranking at least pari passu with the Notes.

10.3. LIENS.

The Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Guarantor or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens, in each case, incurred in the ordinary course of business for sums not yet due and payable or the payment of which is not at the time required by Section 9.4;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(d) any attachment or judgment Lien, unless the judgment it secures shall not, within 90 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 90 days after the expiration of any such stay;

(e) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the

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ordinary conduct of the business of the Guarantor or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(f) Liens on property or assets of the Guarantor or any of its Subsidiaries securing Debt owing to the Guarantor or to any of its Wholly-Owned Subsidiaries (other than the Subsidiary Guarantor);

(g) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Guarantor or a Subsidiary after the date of the Closing, provided that

(i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the fair market value (as determined in good faith by the Guarantor) of such property at the time of such acquisition or construction, and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property;

(h) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Guarantor or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Issuer or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, and (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;

(i) any Lien renewing, extending or refunding any Lien permitted by paragraphs (g) or (h) of this Section 10.3, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist; and

(j) any Lien in addition to those described in subsections (a) through (i) above securing Debt incurred after the date of the Closing if the Debt secured thereby is not otherwise prohibited by Section 10.5.

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10.4. INCURRENCE OF FUNDED DEBT.

The Guarantor will not, and will not permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become directly or indirectly liable with respect to, any Funded Debt, unless on the date the Guarantor or such Subsidiary becomes liable with respect to any such Debt and immediately after giving effect thereto and the concurrent retirement of any other Debt,

(a) no Default or Event of Default exists;

(b) the ratio of Consolidated Funded Debt to Consolidated Funded Capitalization does not exceed 60% for the period from the Closing through March 31, 1999 and 55% thereafter; and

(c) the Guarantor would be permitted by the provisions of Section 10.5 hereof to incur at least $1.00 of additional Priority Debt.

For the purposes of this Section 10.4, any Person becoming a Subsidiary after the date hereof shall be deemed, at the time it becomes a Subsidiary, to have incurred all of its then outstanding Debt, and any Person extending, renewing or refunding any Debt shall be deemed to have incurred such Debt at the time of such extension, renewal or refunding.

10.5. PRIORITY DEBT.

The Guarantor will not at any time permit the aggregate amount of Priority Debt to exceed 20% of Consolidated Net Worth.

10.6. RESTRICTED PAYMENTS.

The Guarantor will not, and will not permit any of its Subsidiaries to, at any time, declare or make, or incur any liability to declare or make, any Restricted Payment unless immediately after giving effect to such action:

(a) no Default or Event of Default would exist;

(b) the aggregate amount of all Restricted Payments made subsequent to the date hereof would not exceed the sum of (x) $25,000,000 , (y) the Applicable Percentage of Consolidated Net Income (less 100% if Consolidated Net Income is a negative number) on a cumulative basis for the period from the date hereof to the date of such Restricted Payment and (z) the Net Proceeds of Capital Stock received by the Guarantor for the period from the date hereof to the date of such Restricted Payment; and

(c) the Guarantor would be permitted by the provisions of Section 10.4 hereof to incur at least $1.00 of additional Funded Debt owing to a Person other than a Subsidiary of the Guarantor.

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10.7. CONSOLIDATED NET WORTH.

The Guarantor will not, at any time, permit Consolidated Net Worth to be less than $250 million until March 31, 1999, $275 million until March 31, 2000, $300 million until March 31, 2001 and $320 million thereafter.

10.8. RESTRICTIONS ON DIVIDENDS BY SUBSIDIARIES

Except for this Agreement and the Bank Credit Agreements as in effect on the date hereof and as may be required by law, the Guarantor will not, and will not permit any Subsidiary to, enter into any agreement that would restrict any Subsidiary's ability or right to pay dividends to, or make advances to or investments in, the Guarantor (or if any such Subsidiary is not directly owned by Guarantor, the "parent" Subsidiary of such Subsidiary).

11. GUARANTEE, ETC.

11.1. GUARANTEE.

The Guarantor hereby absolutely unconditionally and irrevocably guarantees to each and every holder of any of the Notes from time to time

(a) the due and punctual payment of

(i) the principal of and Make-Whole Amount (if any) and interest on all outstanding Notes (including interest on such principal and Make-Whole Amount and, to the extent permitted by applicable law, on any overdue interest), whether at the stated maturity, by acceleration, pursuant to any prepayment or otherwise, in accordance with the Notes and this Agreement, and

(ii) all other sums which may become due from the Issuer under the Notes or this Agreement, including costs, expenses and taxes, and

(b) the due and punctual performance and observance by the Issuer of all covenants, agreements and conditions on its part to be performed and observed hereunder;

such payment and other obligations so guaranteed are collectively called the "GUARANTEED OBLIGATIONS". If default shall be made in the performance of any of the Guaranteed Obligations, the Guarantor will also pay to the holder of any Note such amounts, to the extent lawful, as shall be sufficient to pay the costs and expenses of collection or of otherwise enforcing any of such holder's rights under this Agreement, including reasonable counsel fees.

The obligations of the Guarantor under this Section 11 shall survive the transfer or payment of the Notes.

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11.2. GUARANTEE ABSOLUTE AND UNCONDITIONAL; WAIVERS, ETC.

(a) The obligations of the Guarantor under Section 11.1 constitute a present and continuing guaranty of payment and not of collectibility and shall be absolute and unconditional and, to the extent permitted by applicable law, the Guaranteed Obligations shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim the Guarantor may have against the Issuer or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not the Guarantor shall have any knowledge or notice thereof or consent thereto), including without limitation:

(i) any amendment or modification of any provision of this Agreement or any of the Notes or any assignment or transfer thereof, including without limitation the renewal or extension of the time of payment of any of the Notes or the granting of time in respect of such payment thereof, or of any furnishing or acceptance of security or any additional guarantee or any release of any security or guarantee so furnished or accepted for any of the Notes;

(ii) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of this Agreement or the Notes, or any exercise or nonexercise of any right, remedy or power in respect hereof or thereof;

(iii) any bankruptcy, receivership, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to the Issuer or any other Person or the properties or creditors of any of them;

(iv) the occurrence of any Default or Event of Default under, or any invalidity or any unenforceability of, or any misrepresentation, irregularity or other defect in, this Agreement;

(v) any transfer of any assets to or from the Issuer, including without limitation any transfer or purported transfer to the Issuer from any Person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of the Issuer with or into any Person, or any change whatsoever in the objects, capital structure, constitution or business of the Issuer;

(vi) any failure on the part of the Issuer or any other guarantor to perform or comply with any term of this Agreement, the Notes or any other agreement;

(vii) any suit or other action brought by any beneficiaries or creditors of, or by, the Issuer or any other person for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of this Agreement, the Notes or any other agreement;

(viii) any lack or limitation of status or of power, incapacity or disability of the Issuer or any trustee or agent thereof; or

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(ix) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited to the foregoing.

(b) The Guarantor hereby unconditionally waives diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that any holder of a Note exhaust any right, power or remedy against the Issuer under this Agreement or the Notes or any other agreement or instrument referred to herein or therein, or against any other guarantor or any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

(c) In the event that the Guarantor shall at any time pay any amount on account of the Guaranteed Obligations or take any other action in performance of its obligations hereunder, the Guarantor shall have no subrogation or other rights hereunder or under the Notes and the Guarantor hereby waives all rights it may have to be subrogated to the rights of any holder of a Note, and all other remedies that it may have against the Issuer, in respect of any payment made hereunder unless and until the Guaranteed Obligations shall have been indefeasibly paid in full. If any amount shall be paid to the Guarantor on account of any such subrogation rights or other remedy, notwithstanding the waiver thereof, such amount shall be received in trust for the benefit of the holders of the Notes and shall forthwith be paid to such holders to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof. The Guarantor agrees that its obligations under this Section 11 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Issuer is rescinded or must be otherwise restored by any holder of any Note, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid.

Each default in the payment or performance of any of the Guaranteed Obligations shall give rise to a separate claim and cause of action hereunder, and separate claims or suits may be made and brought, as the case may be, hereunder as each such default occurs. The Guarantor will from time to time deliver, upon the reasonable request of any holder of a Note, a satisfactory acknowledgment of its continued liability hereunder.

12. TAX INDEMNIFICATION.

(a) Gross-Up of Payments Subject to Taxes. In the event of the imposition by or for the account of any Governmental Authority (the "TAXING AUTHORITY") of The Netherlands or any other country or jurisdiction outside of the United States of America from or through which any payment in respect of any Note or this Agreement is made by an Obligor or which is a jurisdiction of residence of an Obligor for tax purposes (any such Authority or country or jurisdiction is hereinafter referred to as a "TAXING JURISDICTION") of any tax (whether income, documentary, sales, stamp, registration, issue, capital, property, excise or other), duty, levy, impost, fee, charge or withholding (each a "TAX", and collectively, "TAXES") which requires such Obligor to make a deduction or withholding in respect of such Tax from any payment in respect of any Note or this Agreement (each such payment is referred to herein as a "NOTE-RELATED PAYMENT"), each Obligor hereby agrees to pay forthwith from time to time in connection with such Note-Related Payment to the holder of the Note entitled to such Note-Related Payment such amount (the "TAX REIMBURSEMENT AMOUNT") as shall be required so that such Note-Related

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Payment received by such holder will, after the deduction or withholding of or other payment for or on account of such Tax and any interest or penalties relating thereto as well as any additional Taxes to be withheld or deducted in respect of such Tax Reimbursement Amount, be equal to the amount due and payable to such holder in respect of such Note-Related Payment before the imposition or assessment of such Tax, provided that:

(i) in the case where such holder is not resident in the United States of America, the Obligors shall not be obligated to pay any such Tax Reimbursement Amount to such holder in excess of the hypothetical Tax Reimbursement Amount which the Obligors would have been obligated to pay hereunder if authorization could have been obtained under the double tax treaty between the United States of America and the Taxing Jurisdiction in force at the relevant time in order for such Obligor to make the Note-Related Payment to such holder either with no deduction or withholding of such Taxes or with a deduction or withholding of a lesser amount in respect of such Taxes as if the Notes held by such holder were beneficially owned at all relevant times by Persons who were resident in the United States of America for the purposes of such treaty and were otherwise eligible in full for all benefits and exceptions available under such treaty with respect to interest received from such Obligor;

(ii) no Obligor shall be obligated to pay any such Tax Reimbursement Amount to such holder in respect of any Taxes which would not have been imposed but for the existence of any present or former connection (other than the mere holding of a Note) between such holder (or a fiduciary, settlor, beneficiary, member of, shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation, or any Person other than such holder to whom the relevant Note or any amount payable thereon is attributable for the purposes of such Tax) and the Taxing Jurisdiction or any political subdivision or territory or possession thereof or therein or area subject to its jurisdiction arising out of such holder's (or such fiduciary's, settlor's, beneficiary's, member's, shareholder's or possessor's or Persons other than such holder) being or having been a citizen or resident thereof, being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein;

(iii) no Obligor shall be obligated to pay any such Tax Reimbursement Amount to such holder in respect of any Taxes that constitute estate, inheritance, gift, sale, transfer, personal property or similar tax, assessments or governmental charges;

(iv) no Obligor shall be obligated to pay any such Tax Reimbursement Amount to such holder to the extent of the imposition of any Tax by reason of:

(A) such holder's not being eligible in full for the benefits and exemptions available under the double taxation treaty then in effect between the Taxing Jurisdiction and the United States of America in relation to interest received by such holder from an Obligor (including, without limitation, (y) being exempt from United States of America taxes on income with respect to interest on the Notes of such holder or (z) if such holder is an estate, trust, partnership or corporation, or if any Person other than such holder to whom the relevant Note or

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any amount payable thereon is attributable, the relevant fiduciary, settlor, beneficiary, member of, shareholder of, or possessor of a power over, such holder would not have been eligible in full for the aforesaid benefits and exemptions),

(B) the failure to comply by such holder or any other Person mentioned in subclause (A) above with a written request of an Obligor addressed to such holder to provide information concerning the nationality, residence, domicile or identity of such holder or such other Person or, information as to if, and where, any declaration of residence, domicile or other similar claim or reporting requirement described in subclause (C) hereof has been made by such holder or other Person,

(C) the failure by such holder or any other Person mentioned in subclause (A) above to make any aforesaid declaration of residence, domicile or other claim or reporting requirement, or to provide such information or certification to a taxation authority, as is required by a statute, treaty or regulation of the Taxing Jurisdiction (including a claim (or a requirement to provide information relating to such a claim) under any international treaty between the United States of America and such Taxing Jurisdiction providing for the avoidance of double taxation) as a precondition to exemption from all or part of such Tax, in the case of you, within 60 days after the date of Closing, in the case of any payment hereunder, at least 90 days prior to the date of such payment, and in respect of any subsequent holder of Notes, at least 90 days prior to the date of the next payment in respect of such holder, provided that no holder of a Note shall be considered to have delayed or failed to make any such declaration or to file any form (x) that would involve the disclosure of confidential or proprietary tax return or other information, (y) if such holder has filed the appropriate forms in respect of such declaration with the United States Internal Revenue Service (or other appropriate authority) at least 30 days prior to the payment in question or (z) in the case of forms or declarations not required under existing law and practices as of the date of the Closing, unless an Obligor has requested that such forms or declarations be filed (and has furnished such forms or declarations to such holder) and such holder has had a reasonable period of time (not less than 30 days) to file such forms or declarations, or

(D) any combination of subclauses (A), (B) and (C) above;

nothing in this clause (iv) shall be construed to impose any obligation on you or any other such holder (or any other Person mentioned in subclause (A) above) to contest any determination by the Taxing Authority in respect of such declarations, reports or forms or to require, or be deemed to require, the disclosure by you or any other such holder of any confidential or proprietary information.

Not later than 30 days after the date of the Closing, the Issuer will furnish you with copies of all forms currently required to be filed in The Netherlands pursuant to paragraph (C) above, and in

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connection with the transfer of any Note pursuant to Section 15.2, the Issuer will furnish the transferee of such Note with copies of all forms then required.

(b) Receipt for Taxes. As soon as reasonably practicable after the date of any payment by any Obligor of any Tax in respect of any Note-Related Payment, such Obligor shall furnish to each affected holder of a Note a certified copy of the original tax receipt (if such a receipt has been issued and, if such tax receipt has not then been issued, such Obligor shall furnish a copy thereof to such affected holder as soon as reasonably practicable as such tax receipt is so issued). If such Obligor shall have determined, with respect to any holder of Notes, that a deduction or withholding of Tax from Note-Related Payments shall be required to be made to such holder and that no Tax Reimbursement Amount will be payable to such holder under this Section 12 in respect of such Tax, such Obligor will use its best efforts to inform such holder of the imposition or withholding of such Tax and of the applicable exemption set forth in Section 12 that releases such Obligor from the obligation to pay a Tax Reimbursement Amount in respect thereof.

(c) Payment of Taxes to Taxing Jurisdiction. If any deduction or withholding for Tax shall at any time be required by the laws of a Taxing Jurisdiction in respect of any Note-Related Payments to a holder of Notes, the Obligor making any such Note-Related Payments will promptly pay over to the Taxing Authority imposing such Tax the full amount required to be deducted or withheld in respect thereof (including, without limitation, the full amount of any Tax required to be deducted or withheld from or otherwise paid in respect of any related Tax Reimbursement Amount).

(d) Refunds of Tax Reimbursement Amounts. If an Obligor makes payment of any Tax Reimbursement Amount and a recipient thereof subsequently receives a refund, credit or allowance in respect thereof (a "TAX REFUND"), and such recipient determines in its good faith that the Tax Refund is attributable to the Taxes with respect to which such Tax Reimbursement Amount was paid, then such recipient shall promptly reimburse such Obligor such amount as such recipient shall determine, in good faith, to be the proportion of the Tax Refund as will leave such recipient, after such reimbursement, in no better or worse position than in which such recipient would have been if payment of such Tax Reimbursement Amount had not been required. The foregoing notwithstanding, nothing in this clause (d) shall restrict the right of any recipient to arrange the tax affairs of such recipient as such recipient shall think fit. Nothing in this clause (d) shall require any recipient to disclose any information regarding the tax affairs of such recipient.

(e) Stamp Taxes. The Obligors will pay all stamp, documentary or similar taxes which may be payable in respect of the execution and delivery of this Agreement or of the execution and delivery (except as otherwise provided in Section 15 with respect to transfer of Notes) of any of the Notes or the Guarantee or the Subsidiary Guarantee or of any amendment of, or waiver or consent under or with respect to, this Agreement or of any of the Notes or the Guarantee or the Subsidiary Guarantee and will save each holder of any Note and all subsequent holders of the Notes harmless against all liabilities resulting from nonpayment or delay in payment of any such tax required to be paid by the Obligors hereunder.

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(f) Survival of Obligations. The obligations of each Obligor under this Section 12 will survive the payment or transfer of any Note and the termination of this Agreement.

13. EVENTS OF DEFAULT.

An "EVENT OF DEFAULT" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Issuer defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Issuer defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) any Obligor defaults in the performance of or compliance with any term contained in Sections 10.1 through 10.8; or

(d) any Obligor defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 13) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) an Obligor receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 13); or

(e) any representation or warranty made in writing by or on behalf of any Obligor or by any officer of any Obligor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Guarantor or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least $10,000,000 beyond any period of grace provided with respect thereto, or (ii) the Guarantor or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least $10,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Guarantor or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $10,000,000; or

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(g) the Guarantor or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing (except for actions (including the appointment of a receiver) in connection with the termination of the existence of a Subsidiary as permitted under Section 9.5); or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Guarantor or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Guarantor or any of its Subsidiaries, or any such petition shall be filed against the Guarantor or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $10,000,000 are rendered against one or more of the Guarantor and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified any Obligor or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $10,000,000, (iv) any Obligor or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) any Obligor or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Issuer or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the any Obligor or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) the Guarantee shall at any time, for any reason, cease to be in full force and effect or shall be declared to be null and void in whole or in any material part by the final

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judgment (which is non-appealable or has not been stayed pending appeal or as to which all rights to appeal have expired or been exhausted) of any Governmental Authority having jurisdiction, or the validity or enforceability of the Guarantee shall be contested by or on behalf of the Guarantor or any of its Subsidiaries, or the Guarantor or any such Subsidiary shall renounce the Guarantee or deny that the Guarantor is bound thereby or has any further liability thereunder; or

(l) the Subsidiary Guarantee shall at any time, for any reason, cease to be in full force and effect or shall be declared to be null and void in whole or in any material part by the final judgment (which is non-appealable or has not been stayed pending appeal or as to which all rights to appeal have expired or been exhausted) of any Governmental Authority having jurisdiction, or the validity or enforceability of the Subsidiary Guarantee shall be contested by or on behalf of the Guarantor or any of its Subsidiaries, or the Guarantor or any such Subsidiary shall renounce the Subsidiary Guarantee or deny that the Subsidiary Guarantor is bound thereby or has any further liability thereunder.

As used in Section 13(j), the terms "EMPLOYEE BENEFIT PLAN" and "EMPLOYEE WELFARE BENEFIT PLAN" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

14. REMEDIES ON DEFAULT, ETC.

14.1. ACCELERATION.

(a) If an Event of Default with respect to any Obligor described in paragraph (g) or (h) of Section 13 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to each Obligor, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 13 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to each Obligor, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 14.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) if such Notes are declared due and payable under Section 14.1(a), 14.1(b) or 14.1(c), the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. Each Obligor acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Issuer (except as herein specifically provided for) and that the provision for

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payment of a Make-Whole Amount by the Issuer in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

14.2. OTHER REMEDIES.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 14.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

14.3. RESCISSION.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 14.1, the Required Holders, by written notice to each Obligor, may rescind and annul any such declaration and its consequences if (a) an Obligor has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 19, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 14.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

14.4. NO WAIVERS OR ELECTION OF REMEDIES, EXPENSES, ETC.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Obligors under Section 17, the Issuer will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 14, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

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15. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

15.1. REGISTRATION OF NOTES.

The Issuer shall keep at its registered office in The Netherlands and its principal executive office in the United States a register for the registration and registration of transfers of Notes. As of the date hereof such offices are located, respectively, as follows:

World Trade Center Tower C, 4th Floor Strawinskylaan 819 PO Box 819 1070 XX Amsterdam THE NETHERLANDS	and	26300 La Alameda Suite 250 Mission Viejo, CA 92691

The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Issuer shall not be affected by any notice or knowledge to the contrary. The Issuer shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

15.2. TRANSFER AND EXCHANGE OF NOTES.

Upon surrender of any Note at the principal executive office of the Issuer for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Issuer shall execute and deliver, at the Issuer's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Issuer may require payment of a sum sufficient to cover any stamp tax or governmental charge in respect of any such transfer of Notes which is imposed by the United States of America or any state thereof or any taxing authority of any thereof. Notes shall not be transferred in denominations of less than $100,000 (except that in the case of the transfer of all of the Notes by any holder of Notes aggregating less than $100,000 one Note may be issued in a denomination equal to such aggregate amount); provided that the denomination of any Note shall not in any event be less than NLG100,000 (100,000 Dutch Guilders). Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

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15.3. REPLACEMENT OF NOTES.

Upon receipt by the Issuer of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $100 million, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Issuer at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

16. PAYMENTS ON NOTES.

16.1. PLACE OF PAYMENT.

Subject to Section 16.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, NY at the principal office of The Bank of New York in such jurisdiction. The Issuer may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Issuer in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

16.2. HOME OFFICE PAYMENT.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 16.1 or in such Note to the contrary, the Issuer will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Issuer in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Issuer made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Issuer at its principal executive office or at the place of payment most recently designated by the Issuer pursuant to Section 16.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Issuer in exchange for a new Note or Notes pursuant to Section 15.2. The Issuer will afford the benefits of this Section 16.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by

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you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 16.2.

17. EXPENSES, ETC.

17.1. TRANSACTION EXPENSES.

Whether or not the transactions contemplated hereby are consummated, the Obligors jointly and severally will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Guarantor or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Obligors jointly and severally will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

17.2. SURVIVAL.

The obligations of the Obligors under Section 17 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

18. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of any Obligor pursuant to this Agreement shall be deemed representations and warranties of such Obligor under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Obligors and supersede all prior agreements and understandings relating to the subject matter hereof.

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19. AMENDMENT AND WAIVER.

19.1. REQUIREMENTS.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of each Obligor and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 23 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding (i) subject to the provisions of Section 14 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or change the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11, 12, 13(a), 13(b), 14, 19 or 22.

19.2. SOLICITATION OF HOLDERS OF NOTES.

(a) Solicitation. The Issuer will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Issuer will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 19 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. No Obligor will directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

19.3. BINDING EFFECT, ETC.

Any amendment or waiver consented to as provided in this Section 19 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon each Obligor without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between an Obligor and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights

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of any holder of such Note. As used herein, the term "THIS AGREEMENT" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

19.4. NOTES HELD BY AN OBLIGOR, ETC.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by an Obligor or any of their respective Affiliates shall be deemed not to be outstanding.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "CONFIDENTIAL INFORMATION" means information delivered to you by or on behalf of the Guarantor or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Guarantor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Guarantor or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Issuer (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w)to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have

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agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Guarantor in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Guarantor embodying the provisions of this Section 20.

21. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. Each Obligor agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 21 shall not prohibit an Obligor or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

22. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Issuer in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Issuer in writing,

(iii) if to the Issuer, to the Issuer at its address set forth at the beginning hereof to the attention of Don E. Cameron, or at such other address as the Issuer shall have specified to the holder of each Note in writing, or

(iv) if to the Guarantor, to the Guarantor at its address set forth at the beginning hereof to the attention of Don E. Cameron, or at such other address as the Guarantor shall have specified to the holder of each Note in writing.

Notices under this Section 22 will be deemed given only when actually received.

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23. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Issuer, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 23), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Issuer of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 23), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

24. MISCELLANEOUS.

24.1. SUCCESSORS AND ASSIGNS.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

24.2. PAYMENTS DUE ON NON-BUSINESS DAYS.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

24.3. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

24.4. CONSTRUCTION.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

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24.5. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

24.6. SUBMISSION TO JURISDICTION, SERVICE OF PROCESS.

Each Obligor hereby expressly waives all rights to object to jurisdiction or execution in any legal action or proceeding relating to this Agreement or the Notes which it may now or hereafter have by reason of its domicile or by reason of any subsequent or other domicile. Each Obligor agrees that any legal action or proceeding with respect to this Agreement or any Note, or any instrument, agreement or document mentioned or contemplated herein, or to enforce any judgment obtained against such Obligor in any such legal action or proceeding against it or any of their respective properties or revenues may be brought by the holder of any Note in the courts of the State of New York or of the United States of America located in New York, New York, as the holder of any Note may elect, and by execution and delivery of this Agreement, each Obligor irrevocably submits to each such jurisdiction.

In addition, each Obligor hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the actions, suits or proceedings described above arising out of or in connection with this Agreement or the Notes brought in any of such courts, and waives and agrees not to plead or claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Each Obligor hereby irrevocably designates, appoints and empowers CT Corporation System with offices at 1633 Broadway, New York, New York, and its successors, as the designee, appointee and agent of such Obligor to receive, accept and acknowledge, for and on behalf of such Obligor and its respective properties, service of any and all legal process, summons, notices and documents which may be served in any such action, suit or proceeding in the case of the courts of the State of New York or of the United States of America located in New York, New York, which service may be made on any such designee, appointee and agent in accordance with legal procedures prescribed for such courts. Each Obligor shall take any and all actions necessary to continue such designation in full force and effect and should such designee, appointee and agent become unavailable for this purpose for any reason, such Obligor will forthwith irrevocably designate a new designee, appointee and agent with offices in New York, New York, which shall irrevocably agree to act as such, with the powers and for the purposes specified in this Section 24.6. Each Obligor further irrevocably consents and agrees to service of any and all legal process, summons, notices and documents out of any of such courts in any such action, suit or proceeding delivered to such Obligor in accordance with this Section 24.6 or to its then designee, appointee or agent for service. Service upon any Obligor or any such designee, appointee and agent as provided for herein shall constitute valid and effective personal service upon such Obligor and that the failure of any such designee, appointee and agent to give any notice of such service to such Obligor shall not impair or affect in any way the validity of such

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service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall, or shall be construed so as to, limit the right of the holder of the Notes to bring actions, suits or proceedings with respect to the obligations and liabilities of either Obligor under, or any other matter arising out of or in connection with, this Agreement or the Notes, or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, in the courts of whatever jurisdiction in which the respective offices of the holders of the Notes may be located or assets of such Obligor may be found or as otherwise shall to the holders of the Notes seem appropriate, or to affect the right to service of process in any jurisdiction in any other manner permitted by law.

24.7. OBLIGATIONS TO MAKE PAYMENTS IN DOLLARS.

The Obligors shall make payments under this Agreement and under the Notes in Untited States currency ("DOLLARS") and the respective obligations of the Obligors to make such payments shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the holder of any Note of the full amount of Dollars expressed to be payable in respect of any such obligations. The obligation of the Obligors, to make payments in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such obligations, and shall not be affected by judgment being obtained for any other sums due under this Agreement or the Notes.

24.8. ASSUMPTION OF COMPANY'S OBLIGATIONS.

(A) The Guarantor may cause any James Hardie USA Entity or James Hardie Netherlands Entity (any such Entity being herein called a "NEW ISSUER") to assume the obligations of the Issuer for the due and punctual payment of the principal of and Make-Whole Amount (if any) and interest on the Notes and the performance of each and every other covenant and obligation of the Issuer under this Agreement and the Notes, provided that as a condition precedent to any such assumption,

(1) The Guarantor shall have delivered to each holder of a Note (i) written notice of such assumption at least 30 days prior to the date of such assumption, which notice shall refer specifically to this Section 24.8 and shall specify the date such assumption is to become effective, (ii) an irrevocable and unconditional assumption of such obligations duly executed and delivered by such New Issuer in a form approved in writing by the Required Holders (the "ASSUMPTION AGREEMENT"), (iii) a written confirmation, from each of the Guarantor and the Subsidiary Guarantor of their continued liability under the Guarantee and the Subsidiary Guarantee, respectively, and (iv) an opinion of independent counsel of recognized standing, in customary form and subject only to customary qualifications, addressed to each such holder, to the effect that the Assumption Agreement is a legal, valid and binding agreement of such New Issuer enforceable in accordance with its terms; and

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(2) immediately after giving effect to such assumption, no Default or Event of Default shall have occurred and be continuing.

(B) In the event that any New Issuer shall assume the obligations of the Issuer pursuant to Subsection (A) above, all references to the Issuer in this Agreement or any Note or any document, instrument or agreement executed, or to be executed, in connection herewith or therewith shall be deemed to be references to such New Issuer, except for references to the Issuer relating to its status prior to such assumption.

24.9. GOVERNING LAW.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

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If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Issuer, whereupon the foregoing shall become a binding agreement among you and the Issuer and the Guarantor.

Very truly yours,

JAMES HARDIE FINANCE B.V.

By /s/ Virginia G. Lester

Title: Attorney

JAMES HARDIE N.V.

By /s/ Virginia G. Lester

Title: Attorney

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The foregoing agreement is
hereby accepted as of the
date first above written.

TEXAS LIFE INSURANCE COMPANY

By: /s/ Gerald P. Marcus

    Title: AUTHORIZED SIGNATORY

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The foregoing agreement is
hereby accepted as of the
date first above written.

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Gerald P. Marcus

    Title: GERALD P. MARCUS
           DIRECTOR

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The foregoing agreement is
hereby accepted as of the
date first above written.

STATE FARM LIFE INSURANCE COMPANY

By: /s/ Donald E. Heltner

Name: Donald E. Heltner
Title: Vice President--Taxable Fixed Income

By: /s/ Lyle Triebwasser

Name: Lyle Triebwasser
Title: Senior Investment Officer

<PAGE>

The foregoing agreement is
hereby accepted as of the
date first above written.

AMERITAS LIFE INSURANCE CORP.

By: /s/ William W. Lester

    William W. Lester
    Vice President-Securities

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The foregoing agreement is
hereby accepted as of the
date first above written.

PRINCIPAL LIFE INSURANCE COMPANY

By: /s/ [ILLEGIBLE]

Title: [ILLEGIBLE]

By: /s/ James C. Fifield

Title: Council

<PAGE>

The foregoing agreement is
hereby accepted as of the
date first above written.

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA

By: /s/ [ILLEGIBLE]

Title: Vice President

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The foregoing agreement is
hereby accepted as of the
date first above written.

AMERICAN INVESTORS LIFE INSURANCE
COMPANY

By: /s/ Roger D. Fors

    Title: Vice President
    Investment Management & Research

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The foregoing agreement is
hereby accepted as of the
date first above written.

THE PAUL REVERE LIFE INSURANCE COMPANY
By: Provident Investment Management, LLC
Its: Agent

By: /s/ David Fussell

David Fussell
Vice President

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The foregoing agreement is
hereby accepted as of the
date first above written.

MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY

By: /s/ John B. Joyce

    Title: Managing Director

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The foregoing agreement is
hereby accepted as of the
date first above written.

CM LIFE INSURANCE COMPANY

By: /s/ John B. Joyce

    Title: Investment Officer

<PAGE>

The foregoing agreement is
hereby accepted as of the
date first above written.

OHIO NATIONAL LIFE ASSURANCE
CORPORATION

By: /s/ Michael A. Boedeker

     Title: Michael A. Boedeker
            Vice President, Fixed Income Securities

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The foregoing agreement is
hereby accepted as of the
date first above written.

USAA LIFE INSURANCE COMPANY

By: /s/ [ILLEGIBLE]

Title: Senior Vice President

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The foregoing agreement is
hereby accepted as of the
date first above written.

THE GUARDIAN LIFE INSURANCE COMPANY
OF AMERICA

By: /s/ Thomas M. Donohue

    Title: Vice President

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The foregoing agreement is
hereby accepted as of the
date first above written.

CONNECTICUT GENERAL LIFE INSURANCE
COMPANY
By CIGNA Investments, Inc.

By: /s/ Richard B. McGauley

    Title: RICHARD B. McGAULEY
           MANAGING DIRECTOR

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The foregoing agreement is
hereby accepted as of the
date first above written.

CONNECTICUT GENERAL LIFE INSURANCE
COMPANY on behalf of One or More Separate Accounts
By CIGNA Investments, Inc.

By: /s/ Richard B. McGauley

    Title: RICHARD B. McGAULEY
           MANAGING DIRECTOR

<PAGE>

The foregoing agreement is
hereby accepted as of the
date first above written.

LIFE INSURANCE COMPANY OF NORTH
AMERICA
By CIGNA Investments, Inc.

By: /s/ Richard B. McGauley

    Title: RICHARD B. McGAULEY
           MANAGING DIRECTOR

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

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THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

1. All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

	$30,000,000 Series B No. RB-1
Account No. 890-0304-391 Bank of New York New York, New York (ABA No: 021-000-018	$11,000,000 Series D No. RD-1
Each such wire transfer shall set forth a reference to the name of the Company, maturity date, interest rate, Security No. !INV6175! and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.	$15,000,000 Series F No. RF-1

2. Address for all notices relating to payments:

The Prudential Insurance Company of America
c/o Prudential Capital Group
Gateway Center Three
100 Mulberry Street
Newark, New Jersey 07102
Attention: Manager, Investment Operations Group
Telephone: (973) 802-5260
Telecopy: (973) 802-8055

3. Address for all other communications and notices:

The Prudential Insurance Company of America
c/o Prudential Capital Group
Two Prudential Plaza
180 N. Stetson Street - Suite 5600
Chicago, IL 60601-6716
Attention: International Finance
Telephone: (312) 540-0931
Telecopy: (312) 540-4222

4. Receipt of telephonic prepayment notices:

Manager, Investment Structure and Pricing
Telephone: (973) 802-7398
Telecopy: (973) 802-9425

5. Taxpayer Identification No.: 22-1211670

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CONNECTICUT GENERAL LIFE INSURANCE COMPANY

1. Payment

Federal Funds Wire Transfer to:

Chase NYC/CTR/
BNF = CIGNA Private Placements/AC = 9009001802
ABA# 021000021

Accompanying Information:

OBI = [name of company; description of security; interest rate; maturity date; PPN; due date and application (as among principal, premium and interest of the payment being made); contact name and phone.]

$4,400,000
Series C
No. RC-1

$3,100,000
Series C
No. RC-2

$6,135,000
Series G
No. RG-1

2. Address for Notices Related to Payments:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Securities Processing S-309
900 Cottage Grove Road
Hartford, CT 06152-2309

CIG & Co.
c/o CIGNA Investment, Inc.
Attention: Private Securities - S307
Operations Group
900 Cottage Grove Road
Hartford, CT 06152-2307
Fax: (860) 726-7203

With a copy to:

Chase Manhattan Bank
Private Placement Servicing
P.O. Box 1508
Bowling Green Station
New York, New York 10081
Attention: CIGNA Private Placements
Fax: (212) 552-3107/1005

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3. Address for All Other Notices:

CIG & Co.
c/o CIGNA Investments, Inc.
Attention: Private Securities Division - S-307
900 Cottage Grove Road
Hartford, Connecticut 06152-2307
Fax: (860) 726-7203

4. Taxpayer Identification No.: 13-3574027

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CONNECTICUT GENERAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS	$3,000,000 Series C No. RC-3
SEE INFORMATION UNDER "CONNECTICUT GENERAL LIFE INSURANCE COMPANY."	$3,000,000 Series C No. RC-4
	$5,065,000 Series G No. RG-2

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LIFE INSURANCE COMPANY OF NORTH AMERICA	$3,800,000 Series G No. RG-3
SEE INFORMATION UNDER "CONNECTICUT GENERAL LIFE INSURANCE COMPANY."	

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METROPOLITAN LIFE INSURANCE COMPANY

1. All payments by wire transfer of immediately available funds to:

$23,500,000
Series E
No. RE-1

The Chase Manhattan Bank
ABA #021-000-021
New York, New York
Metropolitan Life Insurance Company
Account No. 002-2-410591
With reference to PPN # N4703# AE3

with sufficient information to identify the source and application of such funds

2. All notices and other communications:

Metropolitan Life Insurance Company
Private Placements Unit
334 Madison Avenue
Convent Station, New Jersey 07961-0633
Facsimile (973) 254-3050

With a copy to:

Metropolitan Life Insurance Company
One Madison Avenue
New York, New York 10010-3690
Attention: George M. Bryant (Area 6-H)
Facsimile: (212) 578-3916

3. Taxpayer Identification No.: 13-5581829

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TEXAS LIFE INSURANCE COMPANY

1. All payments by wire transfer of immediately available funds to:

$3,000,000
Series E
No. RE-2

The Chase Manhattan Bank
ABA #021-000-021
New York, New York
SSG Private Income Processing
Account No. 900-9-000200
Texas Life Insurance Company
Account Number G06748
With reference to PPN # N4703# AE3

with sufficient information to identify the source and application of such funds

2. All notice and other communications:

Texas Life Insurance Company
c/o Metropolitan Life Insurance Company
Private Placements Unit
334 Madison Avenue
Convent Station, New Jersey 07961-0633
Facsimile (973) 254-3050

With a copy to:

Metropolitan Life Insurance Company
One Madison Avenue
New York, New York 10010-3690
Attention: George M. Bryant (Area 6-H)
Facsimile: (212) 578-3916

3. Taxpayer Identification No.: 74-0940890

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PRINCIPAL LIFE INSURANCE COMPANY

1. All notices with respect to the Note, except with respect to payment, should be sent to:

$24,000,000
Series A
No. RA-1

Principal Life Insurance Company
711 High Street
Des Moines, IA 50392-0800
Attn: Investment Department-Securities Division
Fax #: 515-248-2490
Confirmation #: 515-248-3495

2. All notices with respect to payment on the Note should be sent to:

Principal Life Insurance Company
711 High Street
Des Moines, IA 50392-0960
Attn: Investment Accounting-Securities
Fax #: 515-248-2643
Confirmation #: 515-247-0689

3. All payments with respect to the Note are to be made by a wire transfer of immediately available funds to:

Norwest Bank Iowa, N.A.
7th & Walnut Streets
Des Moines, IA 50309
ABA No.: 073 000 228
OBI Reference: PFGSE (S) B00617620

For credit to Principal Life Insurance Company
General Account No. 0000014752

4. Taxpayer Identification No.: 42-0127290

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USAA LIFE INSURANCE COMPANY

1. All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V., 7.12% Series E Guaranteed Senior Notes, due 2008, PPN, principal or interest) to: $20,000,000 Series E No. RE-3

   Bankers Trust Company/USAA
   ABA #021001033
   Private Placement Processing
   AC #99 911 145
   for credit to: USAA Life Insurance Company
   Accounting Number 99717

2. All notices with respect to payments and written confirmation of each such payment, to be addressed to:

   USAA Life Insurance Company
   c/o FSC Portfolio Accounting
   USAA Building, B-1-W
   9800 Fredericksburg Road
   San Antonio, Texas 78288

3. All other communications:

   Insurance Company Portfolios
   USAA IMCO
   USAA Building, BK D04N
   9800 Fredericksburg Road
   San Antonio, Texas 78288

4. Taxpayer Identification No.: 74-1472662

<PAGE>

THE PAUL REVERE LIFE INSURANCE COMPANY

1. Address all notices regarding payments and all other communications to:

$20,000,000
Series G
No. RG-4

Provident Investment Management, LLC
Private Placements
One Fountain Square
Chattanooga, Tennessee 37402
Telephone (423) 755-1365
Fax: (423) 755-3351

2. All payments on account of the Notes shall be made by wire transfer of immediately available funds to:

CUDD & CO.
c/o The Chase Manhattan Bank
New York, NY
ABA No. 021 000 021
SSG Private Income Processing
A/C #900-9-000200
Custodial Account No. G06992

Please reference: Issuer
PPN
Coupon
Principal + $_____
Interest = $_____

3. Taxpayer Identification No.: 13-6022143 (CUDD & CO.)

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 6.99% Guaranteed Senior Note due 2006, interest and principal) to: $3,250,000 (Series C) No. RC-5

   Citibank, N.A.
   111 Wall Street
   New York, NY 10043
   ABA No. 021000089
   For MassMutual Long-Term Pool
   Account No. 4067-3488
   Re: Description of security, principal and interest split

   With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

   Attention: Securities Custody and
   Collection Department
   F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 6.99% Guaranteed Senior Note due 2006, interest and principal) to: $1,000,000 (Series C) No. RC-10

   Chase Manhattan Bank, N.A.
   4 Chase Metro Tech Center
   New York, NY 10081
   ABA No. 021000021
   For MassMutual IFM Non-Traditional
   Account No. 910-2509073
   Re: Description of security, principal and interest split

   With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

   Attention: Securities Custody and
   Collection Department
   F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 6.99% Guaranteed Senior Note due 2006, interest and principal) to:

$625,000
(Series C)
No. RC-11

Chase Manhattan Bank, N.A.
4 Chase Metro Tech Center
New York, NY 10081
ABA No. 021000021
For MassMutual Pension Management
Account No. 910-2594018
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 7.12% Guaranteed Senior Note due 2008, interest and principal) to:

$3,900,000
(Series E)
No. RE-4

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For MassMutual Long-Term Pool
Account No. 4067-3488
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 7.12% Guaranteed Senior Note due 2008, interest and principal) to:

$1,200,000
(Series E)
No. RE-7

Chase Manhattan Bank, N.A.
4 Chase Metro Tech Center
New York, NY 10081
ABA No. 021000021
For MassMutual IFM Non-Traditional
Account No. 910-2509073
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B. V. 7.12% Guaranteed Senior Note due 2008, interest and principal) to:

$750,000
(Series E)
No. RE-8

Chase Manhattan Bank, N.A.
4 Chase Metro Tech Center
New York, NY 10081
ABA No. 021000021
For MassMutual Pension Management
Account No. 910-2594018
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850

<PAGE>

CM LIFE INSURANCE COMPANY
C/O MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 6.99% Guaranteed Senior Note due 2006, interest and principal) to:

$125,000
(Series C)
No. RC-12

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For Segment 43 - Universal Life
Account No. 4068-6561
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 06-1041383

<PAGE>

CM LIFE INSURANCE COMPANY
C/O MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 7.12% Guaranteed Senior Note due 2008, interest and principal) to:

$150,000
(Series E)
No, RE-9

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For Segment 43 - Universal Life
Account No. 4068-6561
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 06-1041383

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

<TABLE>
<S> <C>

1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 7.24% Guaranteed Senior Note due 2010, interest and principal) to: $4,250,000 (Series F) No. RF-2

Citibank, N.A.
111 Wall Street
New York, NY 10043
ABA No. 021000089
For MassMutual Long-Term Pool
Account No. 4067-3488
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850

</TABLE>

<PAGE>

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

<TABLE>
<S>
1. All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds (identifying each payment as James Hardie Finance B.V. 7.24% Guaranteed Senior Note due 2010, interest and principal) to:

<C>
$750,000
(Series F)
No. RF-3

Chase Manhattan Bank, N.A.
4 Chase MetroTech Center
New York, NY 10081
ABA No. 021000021
For MassMutual Pension Management
Account No. 910-2594018
Re: Description of security, principal and interest split

With telephone advice of payment to the Securities Custody and Collection Department of Massachusetts Mutual Life Insurance Company at (413) 744-3561

2. All notices and communications to be addressed as first provided above, except notices with respect to payments to be addressed to:

Attention: Securities Custody and
Collection Department
F 381

3. Taxpayer Identification No.: 04-1590850
</TABLE>

<PAGE>

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

<TABLE>
<S>
1. Payment by wire to:

The Chase Manhattan Bank
FED ABA #021000021
CHASE/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C #G05978 The Guardian
And the name and CUSIP for which payment is
being made

<C>
$6,000,000
Series C
No. RC-6

$7,000,000
Series E
No. RE-5

2. Address for all notices relating to payments:

The Guardian Life Insurance Company of America
Attn: Investment Accounting M-IA
201 Park Avenue South
New York, NY 10003
Fax (212) 677-9023

3. Address for all other communications and notices:

The Guardian Life Insurance Company of America
201 Park Avenue South
New York, NY 10003
Attn: Thomas M. Donohue
Investment Department 7B
Fax: (212) 777-6715

4. Taxpayer Identification No.: 13-6022143
</TABLE>

<PAGE>

AMERICAN INVESTORS LIFE INSURANCE COMPANY

<TABLE>
<S>
1. Wire instructions for American Investors Life Insurance Company:

<C>
$7,000,000
Series C
No. RC-7

Bankers Trust Company
New York, NY
ABA #021001033
Credit Account #99911145
For Further Credit Account #093398
American Investors Life Insurance Co.
Ref: Issue name, coupon, maturity date

Contact at Bankers Trust Co. Richard McCormack (212) 618-2230 or Lorraine Squires (212) 618-2200, Fax number (212) 518-2280

2. Address for all notices with respect to payments:

AmerUs life Insurance Company
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Dan Owens
Tel: (515) 283-3431

Fax:(515) 283-3434

3. Address for all other communications:

AmerUs Life Insurance Company
699 Walnut Street, Suite 1700
Des Moines, Iowa 50309
Attn: Steve Sweeney
Tel: (515) 362-3542
Fax: (515) 283-3434

4. Taxpayer Identification No.: 48-0696320

Taxpayer Identification No.: 13-6065491 (Salkeld & Co.)
</TABLE>

<PAGE>

OHIO NATIONAL LIFE ASSURANCE CORPORATION

<TABLE>
<S>
1. Address for payments on account of the Notes:

By bank wire transfer of Federal or other immediately available funds (identifying each payment as to issuer, security, and principal or interest) to:

Star Bank, N.A. (ABA #042-000013)
5th & Walnut Streets
Cincinnati, OH 45202

For credit to Ohio National Life Assurance Corporation's Account No. 865-215-8

2. All notices and communications, including notices with respect to payments and written confirmation of each such payment, to be addressed to:

Ohio National Life Assurance Corporation
Post Office Box 237
Cincinatti, OH 45201
Attention: Investment Department

3. Taxpayer Identification No.: 31-0962495

<C>
$3,500,000
Series E
No. RE-6

$3,500,000
Series C
No. RC-8
</TABLE>

<PAGE>

STATE FARM LIFE INSURANCE COMPANY

<TABLE>
<S>
1. Wire Transfer Instructions:

The Chase Manhattan Bank
ABA No. 021000021
SSG Private Income Processing
A/C #900-9-000200
For Credit to Account Number G 06893
Ref. PPN N4703# AB 9
Rate: 6.92%
Maturity Date: November 5, 2005

<C>
$5,000,000
Series B
No. RB-2

2. Send notices (as well as a photocopy of the original security) to:

State Farm Life Insurance Company
Investment Dept. E-10
One State Farm Plaza
Bloomington, IL 61710

3. Send confirms to:

State Farm Life Insurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

4. Taxpayer Identification No.: 37-0533090
</TABLE>

<PAGE>

AMERITAS LIFE INSURANCE CORP.

<TABLE>
<S>
1. All payments by wire transfer of immediately available funds to:

U.S. Bank
ABA #104-000-029
Ameritas Life Insurance Corp.
Acc# 1-494-0070-0188
Re: Description of Note; Principal & Interest Breakdown

with sufficient information to identify the source and application of such funds

2. All notices of payments and written confirmations of such wire transfers:

Ameritas Life Insurance Corp.
5900 "O" Street
Lincoln, NE 68510-2234
Fax Number (402) 467-6970
Attn: James Mikus

3. All other communications:

Ameritas Life Insurance Corp.
5900 "O" Street
Lincoln, NE 68510-2234
Attn: James Mikus

4. Taxpayer Identification No.: 47-0098400

<C>
$2,000,000
Series C
No. RC-9

</TABLE>

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SCHEDULE 4.9
CHANGES IN CORPORATE STRUCTURE

(a) The Obligors have not changed their jurisdictions of incorporation, have not been parties to any mergers or consolidations and have not succeeded to all or any substantial part of the liabilities of any other entity since June 30, 1998, except in connection with the Reorganization.

(b) The "Purchase Agreements," which constitute part of the Reorganization, are listed below:

1. Share Acquisition Agreement between JHIL and James Hardie Australia Pty Limited re acquisition of shares of James Hardie Fibre Cement Pty Limited.

2. Share Acquisition Agreement between JHIL and James Hardie Australia Pty Limited re acquisition of shares of James Hardie Windows (Holdings) Pty Limited and James Hardie Building Systems (Holdings) Pty Limited.

3. Share Sale and Purchase Agreement between RCI Pty Limited, the Guarantor and JHIL re acquisition of shares of PT James Hardie Indonesia.

4. Share Acquisition Agreement among RCI Pty Limited, the Guarantor and JHIL re acquisition of shares of James Hardie Philippines Inc.

5. Share Acquisition Agreement among the Guarantor, RCI Malta Investments Limited and JHIL re acquisition of shares of James Hardie Research Holdings Pty Limited.

6. Share Contribution Agreement among the Guarantor, RCI Malta Investments Limited and JHIL re acquisition of shares of James Hardie (Holdings) Inc.

7. Business Acquisition Agreement among James Hardie & Coy Pty Limited, James Hardie Australia Pty Limited and JHIL.

8. Business Acquisition Agreement among James Hardie & Coy Pty Limited, James Hardie US Investments Carson Inc. and JHIL.

9. Business Acquisition Agreement among James Hardie US Investments Carson Inc., James Hardie Australia Pty Limited and JHIL.

10. Agreement for Sale and Purchase of Business among James Hardie Building Products Limited, James Hardie New Zealand Limited and JHIL.

<PAGE>

SCHEDULE 5.3

SUPPLEMENTAL INFORMATION FOR PRIVATE PLACEMENT OFFERING MEMORANDUM

The following information supersedes any information to the contrary set forth in the Private Placement Offering Memorandum, dated August 1998 (the "Memorandum"), of James Hardie N. V. and James Hardie Finance B. V. All capitalized terms not otherwise defined herein have the respective meanings ascribed to them in the Memorandum.

(a) CLOSING OF THE SALE OF THE NOTES

The closing of the sale of the Notes offered hereby will no longer be contingent upon, or occur concurrently with, the closing of the planned initial public offering (the "IPO") of approximately 15% of the outstanding shares of capital stock of the Company. While the other components of the Reorganization -- including the closing of the sale of the Notes and the establishment of one or more new bank credit facilities - are expected to be completed in November 1998 concurrently with the closing of the sale of the Notes, the IPO is not expected to be consummated at such time.

JHIL intends to consummate the IPO when market and other relevant conditions are suitable. However, if JHIL fails to consummate the IPO, the US-NL Treaty will not apply and interest and dividend payments that would be made from the Company's U.S. operating subsidiary will be subject to a 30% U.S. withholding tax. See "Risk Factors -- Tax Risks on Intercompany Interest Payments." Therefore, if JHIL fails to consummate the IPO, the tax benefits that are otherwise expected to arise from the new intercompany debt financing will not be realized. Furthermore, pursuant to a resolution of the shareholders of JHIL, adopted at an Extraordinary General Meeting on October 16, 1998, shareholder approval of the IPO will expire on March 31, 1999. As a result, while JHIL may decide to consummate the IPO after March 31,1999, such IPO will require reapproval by the shareholders of JHIL.

At the time of the closing of the sale of the Notes, the board of directors of the Company will be comprised of Donald Cameron, Gunther A. R, Warris and Wilhelmus B. M. Q. Pessers. Messrs. Warris and Pessers will serve at the pleasure of JHIL as directors on an interim basis until such time that the IPO is consummated. Upon the consummation of the IPO, the Company expects the board of directors to be comprised of the persons set forth in the Memorandum and three independent directors.

(b) JHIL PURCHASE AGREEMENT INDEMNITIES

The indemnity provisions contained in the Purchase Agreements which will facilitate the Reorganization provide unlimited indemnity by JHIL and the relevant non-transferring subsidiary to the Company for (i) all claims related to asbestos liability; (ii) all environmental related claims arising from the condition of the real properties prior to the consummation of the Purchase Agreements or the conduct of the relevant businesses prior to the consummation of the Purchase Agreements (excluding claims arising from deliberate actions taken by the Company with the intention of triggering an environmental claim); (iii) taxes incurred by any subsidiary being transferred to the Company which relate to the period prior to the consummation of the Purchase Agreements; and (iv) all claims in relation to defective products and services manufactured or supplied by JHIL or the relevant subsidiary prior to the consummation of the Purchase Agreements (excluding claims below a specified threshold for each transferring business which in aggregate amounts to approximately $2.4 million).

For a period of seven years after the consummation of the Purchase Agreements, JHIL and any relevant non-transferring subsidiary are also indemnifying the Company in relation to other matters expressly warranted in the Purchase Agreements. This indemnity does not include individual claims of less than $1,000 or claims, when aggregated with all other claims in that financial year, that do not exceed $50,000. Claims related to the warranties are also excluded from the indemnity to the extent that certain key managers had knowledge of the matter prior to closing. Complete copies of the Purchase Agreements are available upon request from the Company.

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(c) RISK FACTOR RELATING TO RECENT VOLATILITY IN ASIAN ECONOMIES AND FINANCIAL AND CURRENCY MARKETS

During fiscal year 1998, approximately 3% of the Company's revenue was generated from product sales in Asia and the Company views continued expansion in Asia as a potential opportunity for future growth. Continued volatility in the Asian economies and financial and currency markets may have a material adverse effect on the Company's expansion plans and current operations in this region. In the event of a prolonged economic crisis, the construction industry in which the Company operates could be disproportionately affected. As a result, the Company does not currently have any plans to establish manufacturing facilities in Asia other than in the Philippines where a plant is currently under construction and is scheduled to be commissioned in October 1998. However, the Company continues to evaluate opportunities in the region and remains of the view at this time that Asia offers growth prospects for the Company's products in the long-term.

The recent economic volatility in Asia has also had a negative effect on the Australian and New Zealand economies in general and the Company is beginning to recognize these effects on its operations. For example, until the commission of the Philippines manufacturing facility later this year, the Company is supplying that market by exporting products manufactured in Australia and New Zealand. For the three months ended June 30, 1998, sales of fiber cement products in the Philippines declined by 41.9% in local currency terms from $4.1 million for the same period in the previous year to $1.6 million. This decline is due to the contraction of the Philippines building and construction market which is likely a result of Asian economic conditions. Continued contraction in this market will result in a slower start-up and potentially lower than expected capacity utilization for the new Philippines manufacturing facility. In addition, there can be no assurance that exports to other Asian markets will not continue to decline. Currency devaluation in Asian countries has resulted and may continue to result in increased sales of lower priced imports by certain of the Company's competitors in Australia and New Zealand and decreased levels of exports by the Company.

The Company's Building Systems business, which comprised approximately 18% of the Company's net sales and 12% of the Company's operating profit for fiscal year 1998, has also been negatively impacted by the Asian economic crisis. Activity in the Australian mining and resources industry, a market serviced by the Building Systems business, has declined due to concerns about falling demand from Asia for minerals and other natural resources and a general decrease in commodity prices which has deterred investment in Australian mining and resource projects. The continuation of limited activity in this industry could have a material adverse effect on the results of operations and financial condition of the Building Systems business.

(d) LEGAL PROCEEDINGS

The Company and its subsidiaries (collectively, the "Group") are involved from time to time in various legal proceedings and administrative actions incident to the normal conduct of the Group's business. Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on its business, financial condition or results of operations. The Reorganization has been structured so that no existing or potential liabilities in relation to the manufacture by JHIL and its non-transferring subsidiaries of products containing asbestos prior to 1987 are being assumed by the Group and the Group is indemnified by JHIL with respect to any such liabilities. While it is impossible to predict the incidence or outcome of future litigation, the Group believes that it is unlikely that significant personal injury suits for damages for asbestos exposure will be filed against the Group, or if filed, would have a material adverse effect on the Group's business, results of operations or financial condition. The Group's belief is based in part upon the advice of its Australian legal advisers, Allen Allen & Hemsley, that there is no equivalent under Australian law of the U.S. legal doctrine of "successor liability." Under U.S. Law, this doctrine provides that an acquirer of the assets of a business carried on by a corporation (as distinct from the acquirer of shares in that corporation) can, in certain circumstances, be held responsible for liabilities arising from the conduct of that business prior to the acquisition, notwithstanding the absence of any contractual arrangement between the acquirer and the selling corporation pursuant to which the acquirer agreed to assume such liabilities. Allen Allen & Hemsley has advised the Company that the general position under Australian law is that in the absence of a contractual agreement to transfer specified liabilities of a business, such liabilities remain with the corporation which previously carried on the business and are not passed on to the acquirer of the assets. Specifically, in the case of the Group, based on the information provided to Allen Allen & Hemsley, the transfer to it from JHIL and certain non-

<PAGE>

transferring subsidiaries of business assets comprising plant and equipment and inventory should not, in the opinion of Allen Allen & Hemsley, give rise to the assumption by any member of the Group of any asbestos related liabilities (tortious or otherwise) which may have been incurred during the period prior to the transfer of the assets when the business was being carried on by JHIL and its non-transferring subsidiaries.

<PAGE>

SCHEDULES 5.4
(a)(i) Subsidiaries of James Hardie N.V.
as of October 30, 1998

<TABLE>

<S>	<C>
James Hardie NV	Netherlands
James Hardie Finance BV	Netherlands
James Hardie International Holdings BV	Netherlands
James Hardie Philippines Inc.	Philippines
PT James Hardie Indonesia	Indonesia
James Hardie Research (Holdings) Pty Ltd	Australia
James Hardie FC Pty Ltd	Australia
James Hardie Research Pty Ltd.	Australia
James Hardie Tech Pty Ltd.	Australia
James Hardie USA Investments BV	Netherlands
James Hardie (Holdings) Inc.	USA
James Hardie (USA) Inc.	USA
James Hardie Building Products Inc.	USA
James Hardie Credit Corp.	USA
James Hardie Gypsum Inc.	USA
James Hardie Industries (USA) Inc.	USA
James Hardie Trading Co Inc.	USA
Wallace O' Connor Inc.	USA
Wallace O'Connor Pacific Inc.	USA
James Hardie US Investments Sierra Inc.	USA
James Hardie US Investments Washoe Inc.	USA
James Hardie NZ Trustees Ltd	NZ
James Hardie Hardie NZ Investco Trust	NZ Trust
James Hardie NZ Holdings Trust	NZ Trust
James Hardie NZ New Zealand Ltd	NZ
James Hardie Aust. Holdings Pty Ltd	Australia
James Hardie Aust. Investco Pty Ltd	Australia
James Hardie Aust. Investco Services Pty Ltd	Australia
James Hardie Aust. Investments No. 1 Pty Ltd	Australia
James Hardie Aust. Investments No. 2 Pty Ltd	Australia
James Hardie Australia Pty Ltd	Australia
James Hardie Building Systems (Holdings) Pty Ltd	Australia
James Hardie Building Systems Pty Ltd	Australia
James Hardie Fibre Cement Pty Ltd	Australia
James Hardie Windows (Holdings) Pty Ltd	Australia
James Hardie Windows Pty Ltd	Australia
Louvre Properties Pty Ltd	Australia

</TABLE>

Each of the Subsidiaries listed above, except for James Hardie Tech Pty Ltd., is owned 100% by James Hardie N.V. and/or its other Subsidiaries. With respect to James Hardie Tech Pty Ltd., 6,700,000 shares are held by James Hardie Research (Holdings) Pty Ltd., a Subsidiary of James Hardie N.V., and two shares are held by James Hardie Industries Ltd.

<PAGE>

SCHEDULES 5.4 (cont'd)
(a)(ii) Non-subsidiary Affiliates
of James Hardie N.V.
as of October 30, 1998

<TABLE>

<S>	<C>
James Hardie Industries Limited	Australia
ACN 001 664 740 Pty Ltd	Australia
Hardie Trading Pty Ltd in Liquidation	Australia
James Hardie & Coy Pty Ltd	Australia
James Hardie US Investments Carson Inc.	USA
James Hardie Finance Ltd	Australia
James Hardie Finance Inc.	USA
Jaekero Pty Ltd	Australia
Moosthato Pty Ltd	Australia
Naco Paqcific Pty Ltd	Australia
RCI Pty Ltd	Australia
Oletool (WA) Pty Ltd	Australia
Fibre Cement Technology * Australia) Pty Ltd	Australia
Framex Seirra Pty Ltd	Australia
Hardie Holdings (NZ) Ltd.	NZ
James Hardie Impey Ltd	NZ
Fire & Safety Products (NZ) Ltd	NZ
Kern Holdings Ltd	NZ
James Hardie Building Products Ltd	NZ
James Hardie Finance (NZ) Ltd	NZ
James Hardie Impey Employee Share Scheme Ltd	NZ
Noel Products Ltd	NZ
James Hardie Impey Finance Ltd	NZ
James Hardie Acceptances BV	Netherlands
James Hardie Building Boards (Asia) Pta Ltd	Singapore
James Hardie (Holdings) Ltd	Jersey
Hardie Ltd	Jersey
JHI Development Capital Ltd	Jersey
RCI Finance Ltd	Jersey
James Hardie (Netherlands) BV	Netherlands
Marehurst Europe Ltd	Malta
RIS Irrigation Portugal SA	Portugal
RIS International Finance NV	Aruba
RIS Irrigation (Holdings) BV	Netherlands
RCI International Services Company Ltd in Liquidation	Hungary
RCI Malta Holdings Ltd	Malta
RCI Malta Investments Ltd	Malta
RCI Netherlands Investments BV	Netherlands
James Hardie NV	Netherlands
Yelrom International Pty Ltd	Australia
Seapip Pty Ltd	Australia

</TABLE>

<PAGE>

SCHEDULES 5.4 (cont'd)
(a)(iii) Directors and Senior Officers of Obligors:

James Hardie N.V.:	
Managing Directors -	Donald Ewen Cameron
	Wilhelmus B.M.Q. Pessers
	Gunther A.R. Warris
James Hardie Finance B.V.:	
Sole Managing Director -	Donald Ewen Cameron

<PAGE>

SCHEDULE 5.5
FINANCIAL STATEMENTS

The following list identifies the financial statements for the James Hardie Businesses that are attached hereto:

1. Report of the Independent Accountants

2. Consolidated Balance Sheets as of March 31,1997 and 1998.

3. Consolidated Statements of Income for the Years Ended March 31,1996,1997 and 1998.

4. Consolidated Statements of Cash Flows for the Years Ended March 31,1996, 1997 and 1998.

5. Consolidated Statements of Changes in Equity for the Years Ended March 31, 1996,1997 and 1998.

6. Notes to Consolidated Financial Statements

7. Consolidated Balance Sheets as of March 31,1998 (audited) and June 30,1998 (unaudited).

8. Consolidated Statements of Income for the Three Month Periods Ended June 30, 1997 and 1998 (unaudited).

9. Consolidated Statements of Cash Flows for the Three Month Periods Ended June 30,1997 and 1998 (unaudited).

10. Consolidated Statements of Changes in Equity for the Three Month Periods Ended June 30,1997 and 1998 (unaudited).

11. Notes to Consolidated Financial Statements (unaudited)

SCHEDULE 5.11
LICENSES, PERMITS, ETC.

No exceptions.

<PAGE>

SCHEDULE 5.14
USE OF PROCEEDS

The use of proceeds from the issue of the Notes by James Hardie Finance B.V. will be the ultimate repayment of existing debt (including, without limitation, the prepayment of the 9,23% Series A Guaranteed Senior Notes due 2005 and the 9.44% Series B Guaranteed Notes due 2007 of James Hardie Finance Inc. issued in 1995 (the "1995 Notes"). The repayment of debt (including the 1995 Notes) will occur following the repayment of intercompany loans, which repayment will be funded in part by the use of the proceeds from the issuance of the Notes.

<PAGE>

SCHEDULE 5.15
Existing Debt as of 30 September 1998

<TABLE>
<CAPTION>

ENTITY	AMOUNT (MILLIONS)
<S>	<C>
1 . James Hardie Finance (NZ) Limited	
Promissory Notes issued under a NZ$250 million facility established in 1997	NZ$54
2. James Hardie Impey Finance Limited	
Convertible Notes issued in	NZ$13
3. James Hardie Finance Inc	
Senior unsecured notes issued under a Private Placement to various United States institutions in January 1995	US$158
Revolving Credit facilities with various banks	US$240
4. Various subsidiaries	
Amounts drawn under overdraft facilities established with the Group's bankers	A$6

</TABLE>

<PAGE>

EXHIBIT 1

[FORM OF GUARANTEED SENIOR NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY OTHER APPLICABLE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE TRANSFERRED UNLESS REGISTERED OR EXEMPT FROM REGISTRATION UNDER SAID ACT OR SUCH OTHER LAWS.

THE NOTES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY,OTHER THAN TO (INVESTMENT) BANKS, PENSION FUNDS, INSURANCE COMPANIES, SECURITIES FIRMS AND INVESTMENT INSTITUTIONS, CENTRAL GOVERNMENTS, LARGE NATIONAL AND SUPRANATIONAL ORGANIZATIONS AND OTHER COMPARABLE ENTITIES, INCLUDING, INTER ALIA, TREASURIES AND FINANCE COMPANIES OF LARGE ENTERPRISES, WHO OR WHICH ARE REGULARLY ACTIVE IN THE FINANCIAL MARKETS ON A PROFESSIONAL BASIS AND FOR THEIR OWN ACCOUNT.

JAMES HARDIE FINANCE B.V.

_____% GUARANTEED SENIOR NOTE DUE _____, SERIES __

No. [_____] [Date]
$[_____] PPN[_____]

FOR VALUE RECEIVED, the undersigned, JAMES HARDE FINANCE B.V. (herein called the "Issuer"),incorporated and existing under the laws of The Netherlands, hereby promises to pay to[_____]or registered assigns, the principal sum of [_____] DOLLARS on [_____], with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of [__]% per annum from the date hereof, payable semiannually, on the fifth day of May and November in each year, commencing with the May 5 or November 5 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) [____]% or (ii) 2% over the rate of interest publicly announced by The Bank of New York from time to time in New York, NY as its "base" or "prime" rate.

<PAGE>

Payments of the principal of and Make-Whole Amount (if any) and interest on this Note are to be made in lawful money of the United States of America at The Bank of New York, New York, NY or at such other place as the Issuer shall nave designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Guaranteed Senior Notes (herein called the "Notes") issued pursuant to separate Note Purchase Agreements, dated as of November 5,1998 (as from time to time amended, the "Note Purchase Agreements"), among the Issuer, James Hardie N.V. (the "Guarantor") and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Issuer may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Issuer will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

The due and punctual payment of the principal of and Make-Whole Amount (if any) and interest on the Notes has been absolutely unconditionally and irrevocably guaranteed by the Guarantor as provided in the Note Purchase Agreements.

THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE ISSUER AND THE HOLDER HEREOF SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK EXCLUDING CHOICE OF LAW PRINCIPLES OF NEW YORK. LAW THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

JAMES HARDIE FINANCE B.V.

By_____
Title:

EXHIBIT 4.4(a)(i)

FORM OF OPINION OF NEW YORK
SPECIAL COUNSEL FOR THE OBLIGORS

<PAGE>

GIBSON, DUNN & CRUTCHER LLP

<TABLE>
<S>

LOS ANGELES
333 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071-3197

CENTURY CITY
2029 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067-3026

ORANGE COUNTY
4 PARK PLAZA
IRVINE, CALIFORNIA 92614-8557

SAN DIEGO
750 B STREET
SAN DIEGO, CALIFORNIA 92101-4605

SAN FRANCISCO
ONE MONTGOMERY STREET, TELESIS TOWER
SAN FRANCISCO, CALIFORNIA 94104-4505

DALLAS
1717 MAIN STREET
DALLAS, TEXAS 75201-7390

DENVER
1801 CALIFORNIA STREET
DENVER, COLORADO 80202-2641

WRITER'S DIRECT DIAL NUMBER
(212) 351-4000

<C>

LAWYERS

A REGISTERED LIMITED LIABILITY PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS

200 PARK AVENUE

NEW YORK, NEW YORK 10166-0193

(212) 351-4000

FACSIMILE: (212) 351-4035

November 5, 1998

<C>

JAS. A GIBSON, 1852-1922
W.E. DUNN, 1861-1925
ALBERT CRUTCHER, 1860-1931

WASHINGTON
1050 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-5306

PARIS
104 AVENUE RAYMOND POINCARE
75116 PARIS, FRANCE

LONDON
30/35 PALL MALL
LONDON SW1Y 5LP

HONG KONG
10TH FLOOR, TWO PACIFIC PLACE
88 QUEENSWAY
HONG KONG

AFFILIATED SAUDI ARABIA OFFICE
JARIR PLAZA, OLAYA STREET
P.O. BOX 15870
RIYADH 11454, SAUDI ARABIA

OUR FILE NUMBER
C46223-00001

</TABLE>

The Purchasers listed on
Schedule A hereto

Re: James Hardie Finance B. V. - Note Purchase Agreement
dated as of November 5, 1998

Ladies and Gentlemen:

We have acted as special counsel to James Hardie Finance B.V., a company incorporated under the laws of The Netherlands (the "Issuer"), and James Hardie N.V., a company incorporated under the laws of The Netherlands (the "Guarantor"), in connection with the preparation of:

(i) the Note Purchase Agreement dated as of November 5,1998 (the "Purchase Agreement") by and among the Issuer, the Guarantor and certain purchasers as listed on Schedule A hereto (the "Purchasers"); and

(ii) the Series A, B, C, D, E, F and G Guaranteed Senior Notes, in the aggregate principal amount of $225,000,000, dated as of the date hereof made by the Issuer payable to the respective Purchasers (the "Notes").

This opinion is being furnished to you pursuant to Section 4.4 of the Purchase Agreement. Each capitalized term used and not defined herein has the meaning assigned to that term in the Purchase Agreement. The Purchase Agreement and the Notes are collectively referred to herein as the "Documents."

We have assumed with your permission that:

a) The signatures on all documents examined by us are genuine, all individuals executing such documents had all requisite legal capacity and competency and were duly authorized, the documents submitted to us as originals are authentic and the documents submitted to us as certified or reproduction copies conform to the originals;

b) Each of the Purchasers has all requisite power and authority to execute, deliver and perform its obligations under the Purchase Agreement, the execution and delivery of the Purchase Agreement by the Purchasers and performance of their obligations thereunder have been duly authorized by all necessary action of the Purchasers and do not violate any law, regulation, order, judgment or decree applicable to the Purchasers, and the Purchase Agreement is the legal, valid and binding obligation of the Purchasers, enforceable against them in accordance with its terms;

c) Each of the Issuer and the Guarantor has been duly incorporated and is a validly existing corporation in good standing under the laws of its jurisdiction of incorporation, has the requisite corporate power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder, has taken all necessary corporate action to authorize the execution and delivery of the Documents to which it is a party and the performance of its obligations thereunder and has duly executed and delivered the Documents to which it is a party;

d) Except as reflected in the Documents, there are no agreements or understandings between or among the Issuer, the Guarantor, the Purchasers or third parties that would expand, modify otherwise affect the terms of the Documents or the respective rights or obligations of the parties thereunder; and

e) The representations and warranties set forth in the Purchase Agreement of the Purchasers are accurate, each Purchaser and each other person to whom offers were made is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act, none of the Purchasers has taken or intends to take any action that would subject the issuance and sale of the Notes to the registration requirements of the Securities Act, and the offer and sale of the Notes occurred pursuant to private negotiations between the Issuer and the Purchasers.

In rendering this opinion, we have made such inquiries and examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, certificates, instruments and other documents as we have considered necessary or appropriate for purposes of this opinion. As to certain factual matters, we have relied upon the representations and warranties of the Issuer and the Guarantor in the Documents, certificates of officers of the Issuer and Guarantor or certificates obtained from public officials. We have also, with your permission and without independent investigation, relied upon, and assumed the correctness of the conclusions expressed in, the opinions of even date of De Brauw Blackstone Westbroek P.C. and Allen Allen & Hemsley with respect to all matters covered thereby.

Except as expressly stated otherwise herein, whenever an opinion herein with respect to the existence or absence of facts is stated to be to our knowledge, such statement is intended to signify that, during the course of our representation of the Issuer and Guarantor, as herein described, no information has come to the attention of the lawyers working on substantive matters for the Issuer or the Guarantor during the prior twelve (12) months (and who are still employed by this firm) that would give us actual knowledge of facts contrary to the existence or absence of the facts indicated. However, we have not undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from our representation of the Issuer or the Guarantor or any affiliate thereof.

Based on the foregoing and in reliance thereon, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that:

1. Each Document constitutes a legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms.

2. The Purchase Agreement constitutes a legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with its terms.

3. The execution and delivery by each of the Issuer and the Guarantor of the Documents to which it is a party and the performance of its obligations thereunder do not result in a breach or violation of Regulations U, T and X of the Board of Governors of the Federal Reserve System

4. Neither the Issuer nor the Guarantor is an "investment company" or, to our knowledge, a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended.

5. The execution, delivery and performance by each of the Issuer and the Guarantor of the Documents to which it is a party do not and will not (i) violate or result in a

breach or default under any order, judgment or decree of any court or other agency of government of the State of New York or the United States of America binding on the Issuer or the Guarantor of which we have knowledge, (ii) violate any law or regulation of the State of New York or the United States of America applicable to the Issuer or the Guarantor that, in our experience, is generally applicable to transactions in the nature of those contemplated by the Documents, or (iii) require any authorization, consent, waiver or approval of any governmental authority or regulatory body of the State of New York or the United States of America, except for filings and authorizations as may be required under any securities or Blue Sky laws and such authorizations, consents, waivers or approvals that, if not made or obtained, would not have a material adverse effect on the Issuer or the Guarantor or on either of the Issuer's or Guarantor's ability to perform its obligations under the Documents to which it is a party and would not expose any Purchaser to liability.

6. To our knowledge, there is no action, suit or proceeding pending or threatened in the United States against the Issuer or the Guarantor of the nature described in Section 5.8(a) of the Purchase Agreement or in which an injunction or order has been entered preventing or adversely affecting consummation of the transactions that are contemplated by the Purchase Agreement to be consummated by the Issuer or the Guarantor on the Closing Date.

7. The issuance and sale of the Notes on the date hereof is exempt from the registration requirements of Section 5 of the Securities Act and it is not necessary to qualify the Purchase Agreement under the Trust Indenture Act of 1939, as amended, in connection therewith.

The foregoing opinions are subject to the following exceptions, qualifications and limitations:

A. We render no opinion herein as to matters involving the laws of any jurisdiction other than the States of New York and the United States of America. This opinion is limited to the effect of the present state of the laws of the State of New York and the United States of America and the facts as they presently exist. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

B. Our opinions set forth in paragraphs 1 and 2 are subject to (i) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditors' rights generally (including, without limitation, the effect of statutory or other laws regarding fraudulent transfers or preferential transfers or distributions by corporations to stockholders) and (ii) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies, regardless of whether enforceability is considered in a proceeding in equity or at law.

C. We express no opinion regarding (i) the effectiveness of any waiver (whether or not stated as such) under the Documents of, or any consent thereunder relating to, any unknown future rights or the rights of any party thereto existing, or duties owing to it, as a matter of law, (ii) the effectiveness of any waiver (whether or not stated as such) contained in the Documents of rights of any party, or duties owing to it, that is broadly or vaguely stated or does not describe the right or duty purportedly waived with reasonable specificity, (iii) provisions relating to indemnification, exculpation or contribution, to the extent such provisions may be held unenforceable as contrary to public policy or federal or state securities laws, (iv) any provision in any Document waiving the right to object to venue in any court; (v) any consent or agreement to submit to the jurisdiction of any Federal Court; (vi) any waiver of the right to jury trial; (vii) the effect on the enforceability of the Note Purchase Agreement against the Guarantor of any facts or circumstances occurring after the date hereof that would constitute a defense to the obligation of a surety, unless such defense has been waived effectively by such Guarantor; and (viii) any provision of the Documents requiring written amendments or waivers of such documents insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

D. In rendering our opinions expressed in paragraph 5, while we advise you that (subject to the other assumptions, exceptions, qualifications and limitations herein) the Documents may be performed in a manner that does not result in a violation, breach or default described therein, we express no opinion as to whether the actual performance of the terms and provisions of the Documents after the date hereof will not violate any law, regulation, order, judgment or decree applicable to the Issuer or the Guarantor.

E. Our opinions in paragraphs 5(i) and 6 are based solely upon inquiry of Gibson, Dunn & Crutcher LLP lawyers who have billed time to the Issuer or the Guarantor during the last twelve (12) months and factual certificates of the Issuer or the Guarantor.

F. We express no opinion as to the applicability to, or the effect of noncompliance by, any Purchaser with any state or federal laws applicable to the transactions contemplated by the Documents because of the nature of the business of such Purchaser.

This opinion is rendered to the Purchasers in connection with the Documents and may not be relied upon by any person other than the Purchasers or by the Purchasers in any other context, provided that the Purchasers may provide this opinion (i) to regulatory authorities should they so request or in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Purchasers, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Purchaser is a party arising out of the transactions contemplated by the Documents, or (v) to proposed permitted transferees of the interests of any Purchaser under the Documents (provided that such delivery

shall not constitute a re-issue or reaffirmation of this opinion as of any date after the date hereof). This opinion may not be quoted without the prior written consent of this Firm.

Very truly yours,

/s/ Gibson, Dunn & Crutcher LLP

GIBSON, DUNN & CRUTCHER LLP

JRH/MWS/AEM
OA982910.022/2+

SCHEDULE A

The Prudential Insurance Company of America

Connecticut General Life Insurance Company

Life Insurance Company of North America

Metropolitan Life Insurance Company

Texas Life Insurance Company

Principal Life Insurance Company

USAA Life Insurance Company

The Paul Revere Life Insurance Company

Massachusetts Mutual Life Insurance Company

CM Life Insurance Company

The Guardian Life Insurance Company of America

American Investors Life Insurance Company

Ohio National Life Assurance Corporation

State Farm Life Insurance Company

Ameritas Life Insurance Corp.

EXHIBIT 4.4(a)(ii)

FORM OF OPINION OF NETHERLANDS
SPECIAL COUNSEL FOR THE OBLIGORS

<PAGE>

DE BRAUW BLACKSTONE WESTBROEK P.C.
advocaten & notarissen

712 Fifth Avenue, 30th Floor
New York, NY 10019-4102
Telephone (212) 801-3430
Telefax (212) 801-3435

Kaarina A. Zimmer
H. Rutger de Witt Wijnen

Vincent P. Bettonville
Alexander Harmse
Enrique Boerboom
Gerda de Heer

attorneys at law, candidate civil law notaries
admitted in the Netherlands
not admitted in New York

November 5, 1998
03191AH.N05

To the investors listed in the
annex to this opinion letter
(collectively: the "INVESTORS")

Dear Sirs:

JAMES HARDIE FINANCE B.V.
US$ 225,000,000 GUARANTEED SENIOR NOTES

I have acted as legal counsel in respect of the law of the Netherlands to James Hardie Finance B.V., a company incorporated under the law of the Netherlands, with corporate seat at Amsterdam, the Netherlands (the "ISSUER"), and to James Hardie N.V., a company incorporated under the law of the Netherlands, with corporate seat at Amsterdam, the Netherlands (the ("GUARANTOR"), in connection with the issue and private placement

De Brauw Blackstone Westbroek P.C. is the New York branch of De Brauw Blackstone Westbroek New York B.V., Chamber of Commerce The Hague, reg. no. 27172369.

Alliance of European Lawyers
(European Economic Interest Grouping)

<TABLE>
<CAPTION>

MEMBERS:	OFFICES:	JOINT OFFICES:
<S>	<C>	<C>
De Bandt, Van Hecke & Lagae	Brussels, Antwerp	Brussels
De Brauw Blackstone Westbroek	Amsterdam, The Hague, Rotterdam	London
Lagerlof & Leman	Stockholm, Goteborg, Malmo	New York
Oppenhoff & Radler	Berlin, Cologne, Frankfurt am Main, Leipzig, Munich	Prague
Uria & Menendez	Madrid, Barcelona, Valencia	Warsaw

</TABLE>

(the "ISSUE") BY the Issuer of US$ 225,000,000 aggregate principal amount Guaranteed Senior Notes due 2004 (Series A), 2005 (Series B), 2006 (Series C), 2007 (Series D), 2008 (Series E), 2010 (Series F) and 2013 (Series G) (collectively, the "NOTES"), stated to be absolutely, unconditionally and irrevocably guaranteed as to payment of principal, interest and any Make-Whole Amount (as defined in the Note Purchase Agreements (as defined below)) by the Guarantor and James Hardie Aust. Investco Pty Limited, a company organized under the laws of Australia.

This opinion is rendered pursuant to section 4.4 of the Note Purchase Agreements (as defined below).

For the purpose of this opinion I have examined the following documents:

(a) a telecopy dated October 26, 1998, of an official copy of the deed of incorporation of the Issuer containing the text of the articles of association of the Issuer (the "ISSUER ARTICLES OF ASSOCIATION"), as filed with the Chamber of Commerce and Industry in Amsterdam, the Netherlands (the "CHAMBER OF COMMERCE");

(b) a telecopy dated November 5, 1998, of an extract from the trade register regarding the Issuer, dated November 5, 1998, provided by the Chamber of Commerce;

(c) a telecopy dated October 23, 1998, of an official copy of the deed of incorporation of the Guarantor and the text of the articles of association of the Guarantor as most recently

amended by deed of amendment executed on October 22, 1998, according to the Extract (as defined below)(the "GUARANTOR ARTICLES OF ASSOCIATION"), both as filed with the Chamber of Commerce;

(d) a telecopy dated November 5, 1998, of an extract from the trade register regarding the Guarantor dated November 5, 1998, provided by the Chamber of Commerce (the "EXTRACT");

(e) a telecopy dated October 27, 1998, of a resolution of the board of managing directors (bestuur) of the Issuer dated October 22, 1998 (the "ISSUER RESOLUTION");

(f) a telecopy dated November 3, 1998, of a power of attorney dated November 3, 1998, granted in the name of the Issuer to Phillip Graham Morley, Allan Richard Brown, Bryon Borgardt and Virginia Lester (the "ISSUER POWER OF ATTORNEY");

(g) a telecopy dated October 27, 1998, of an undated resolution of the managing board (bestuur) of the Guarantor (the "GUARANTOR RESOLUTION");

(h) a telecopy dated November 4, 1998, of a power of attorney dated November 3, 1998, granted in the name of the Guarantor to Phillip Graham Morley, Allan Richard Brown, Bryon Borgardt and Virginia Lester (the "GUARANTOR POWER OF ATTORNEY");

(i) a photocopy of an execution copy of a note purchase agreement, to be dated November 5, 1998, together with the executed signatory pages to all 15 note purchase agreements,

each among the Issuer, the Guarantor, and one of the Investors (collectively, the "NOTE PURCHASE AGREEMENTS"), each containing the form of the Notes;

(j) a private placement offering memorandum dated August 1998, relating to the Issue, as supplemented by the information set forth in schedule 5.3 to the Note Purchase Agreements;

and such other documents as I have deemed necessary to enable me to render this opinion.

My examination has been limited to the text of the documents.

The Issuer Resolution and the Guarantor Resolution are hereinafter together referred to as the "RESOLUTIONS". The Issuer Power of Attorney and the Guarantor Power of Attorney are hereinafter together referred to as the "POWERS OF ATTORNEY".

For the purpose of this opinion I have made the following assumptions:

(i) all the parties to the Note Purchase Agreements other than the Issuer and the Guarantor have the required capacity, power and authority to enter into, execute and deliver the Note Purchase Agreements and to perform their respective obligations thereunder, and the Note Purchase Agreements have been duly authorised, executed and delivered by all the parties thereto other than the Issuer and the Guarantor;

(ii) no rule of law which under the The Hague Convention on the Law applicable to Agency of 14th March 1978 applies or may be applied to the existence and extent of the authority of any person who is authorised to execute and deliver the Note Purchase Agreements under the Powers of Attorney, adversely affects the existence and extent of such authority under the law of the Netherlands;

(iii) the Notes have been or will have been executed and delivered in the name of the Issuer, manually or in facsimile, by the managing director of the Issuer (with approval of the signing managing director to use his facsimile signature);

(iv) the Note Purchase Agreements and the Notes, when duly executed and delivered by all the parties thereto, constitute valid, binding and enforceable obligations of all the parties thereto under New York law to which they are expressed to be subject;

(v) all signatures on original documents are the genuine signatures of the persons purported to have executed the same and copies (in whatever form) conform to the originals;

(vi) the Issuer complies with the conditions in order not to be considered a credit institution (kredietinstelling) within the meaning of the 1992 Act on the supervision of the credit system (Wet toezicht kredietwezen 1992) pursuant to the Regulation of the Minister of Finance of

February 4, 1993 in implementation of section 1 subsection 3 of the 1992 Act on the supervision of the credit system (Netherlands Government Gazette (Nederlandse Staatscourant) 1993, 29);

(vii) the Notes are only issued and offered in individual denominations of at least NLG 100,000 or the equivalent thereof in any other currency; and

(viii) the Resolutions and the Powers of Attorney are in full force and effect and have not been revoked at the date hereof.

I have not investigated the law of any jurisdiction other than the Netherlands and I do not express an opinion on the law of any jurisdiction other than the Netherlands. I only express an opinion on matters of the law of the Netherlands as it stands and has been published as at the date of this opinion. No opinion is expressed on any taxation matters.

Terms and expressions of law and of legal concepts as used in this opinion have the meaning attributed to them under the law of the Netherlands and this opinion should be read and understood accordingly.

Based upon the foregoing (including the documents listed above and the assumptions set out above) and subject to the qualifications listed below and subject to any facts, circumstances, events or documents not disclosed to me in the course of my examination referred to above, I am, at the date hereof, of the following opinion:

DE BRAUW BLACKSTONE WESTBROEK P.C.

1. The Issuer has been duly incorporated and is validly existing as a legal entity in the form of a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the law of the Netherlands, and the Guarantor has been duly incorporated and is validly existing as a legal entity in the form of a limited liability company (naamloze vennootschap) under the law of the Netherlands.

2. The Issuer has the corporate power and authority to execute and deliver the Note Purchase Agreements, to execute, deliver and offer the Notes and to perform its obligations under the Note Purchase Agreements and the Notes.

3. The Guarantor has the corporate power and authority to execute and deliver the Note Purchase Agreements and to perform its obligations under the Note Purchase Agreements.

4. The Issuer has taken all necessary corporate action to authorize the execution and delivery by the Issuer of the Note Purchase Agreements, the execution, delivery and offering by the Issuer of the Notes and the performance by the Issuer of its obligations under the Note Purchase Agreements and the Notes.

5. The Guarantor has taken all necessary corporate action to authorize the execution and delivery by the Guarantor of the Note Purchase Agreements and the performance by the Guarantor of its obligations under the Note Purchase Agreements.

DE BRAUW BLACKSTONE WESTBROEK P.C.

6. The choice of New York law as the law expressed to be governing the Note Purchase Agreements and the Notes will be recognized and accordingly:

   - the Note Purchase Agreements and the Notes will, according to the courts of the Netherlands duly applying New York law, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms; and

   - the Note Purchase Agreements will, according to the courts of the Netherlands duly applying New York law, constitute valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms.

7. The execution and delivery by the Issuer of the Note Purchase Agreements and the Notes, the performance by the Issuer of its obligations under the Note Purchase Agreements and the Notes and the offering by the Issuer of the Notes as contemplated under the Note Purchase Agreements do not and will not conflict with or result in a breach of any provision of the law of the Netherlands or of the Issuer Articles of Association.

8. The execution and delivery by the Guarantor of the Note Purchase Agreements and the performance by the Guarantor of its obligations under the Note Purchase Agreements do not and will not conflict with or result in a breach of any provision of the law of the Netherlands or of the Guarantor Articles of Association.

DE BRAUW BLACKSTONE WESTBROEK P.C.

9. No licence, authorization, permission or consent from any public authority or governmental agency of the Netherlands is required by the law of the Netherlands for the valid execution and delivery by the Issuer of the Note Purchase Agreements and the Notes, for the performance by the Issuer of its obligations under the Note Purchase Agreements and the Notes or for the offering by the Issuer of the Notes as contemplated under the Note Purchase Agreements.

10. No licence, authorization, permission or consent from any public authority or governmental agency of the Netherlands is required by the law of the Netherlands for the valid execution and delivery by the Guarantor of the Note Purchase Agreements and for the performance by the Guarantor of its obligations under the Note Purchase Agreements.

11. In order to ensure the legality, validity, enforceability or admissibility in evidence of the Note Purchase Agreements or the Notes, it is not necessary that any of these documents be filed or recorded with any public office in the Netherlands.

12. The submission by the Issuer and the Guarantor to the jurisdiction of the courts of the State of New York or of the United States of America located in New York, New York, will be recognised by the courts of the Netherlands and will, according to the courts of the Netherlands duly applying New York law, be valid and binding on the Issuer and the Guarantor.

DE BRAUW BLACKSTONE WESTBROEK P.C.

The opinions expressed above are subject to the following qualifications:

(aa) the opinions expressed above are limited by any applicable bankruptcy, moratorium and other laws affecting creditors' rights generally (including statutory preferences);

(bb) when applying New York law as the law governing the Note Purchase Agreements and the Notes, the courts of competent jurisdiction of the Netherlands, if any:

- may give effect to the mandatory rules of the law of another country with which the situation has a close connection, if and insofar as, under the law of the latter country, those rules must be applied whatever the law applicable to the Note Purchase Agreements and the Notes;

- will apply the law of the Netherlands in a situation where it is mandatory irrespective of the law otherwise applicable to the Note Purchase Agreements and the Notes;

- may refuse to apply New York law if such application is manifestly incompatible with the public policy of the Netherlands;

- shall have regard to the law of the country in which performance takes place in relation to the manner of performance and the steps to be taken in the event of defective performance;

(cc) the recognition of the submission by the Issuer and the Guarantor to the jurisdiction of the courts of the State of New York or of the United States of America located in New

York, New York will be subject to similar conditions and limitations as those set forth in the EC Convention on jurisdiction and the enforcement of judgments in civil and commercial matters of 27th September 1968, as amended, and the rules and regulations promulgated pursuant thereto, such as the limitation that application for provisional, including protective, measures which are available under the law of another state than the State of New York may be made to the courts of that state;

(dd) the enforcement in the Netherlands of the Note Purchase Agreements and the Notes and of foreign judgments will be subject to the rules of civil procedure as applied by the courts of the Netherlands including the rules of private international law relating to civil procedure;

(ee) in the absence of an applicable convention between a foreign country (such as the United States of America) and the Netherlands, a judgment in respect of the Note Purchase Agreements or the Notes, rendered by a court of the foreign country, will not be recognized and enforced by the courts of the Netherlands; in order to obtain a judgment which is enforceable in the Netherlands, the party in whose favor a final judgment of the court of the foreign country has been rendered will have to file its claim with the court of competent jurisdiction of the Netherlands and may submit in the course of the proceedings the judgment rendered by the court of the foreign country; if and to the extent that the court of the Netherlands finds that the jurisdiction of the court of the foreign country has been based on grounds which

are internationally acceptable and that proper legal procedures have been observed, the court of the Netherlands will, in principle, give binding effect to the judgment of the court of the foreign country, unless such judgment contravenes principles of public policy of the Netherlands;

(ff) to the extent that the law of the Netherlands is applicable, the provision that the holder of any Note will be treated as its absolute owner as set forth in section 15.1 of the Note Purchase Agreements notwithstanding any notice to the contrary, may not be enforceable under all circumstances;

(gg) a holder of a Note may obtain a duplicate Note in the Netherlands subject to the provisions of the Securities Replacement Act (Effectenvernieuwingswet) , if such Note has been destroyed, lost or stolen in the Netherlands or has been mutilated;

(hh) to the extent that the law of the Netherlands is applicable, a creditor of a company may invoke the nullity of any legal act (rechtshandeling) (including but not limited to a guarantee pursuant to which such company guarantees the performance of the obligations of a third party and any other legal act having a similar effect) performed by such company without the obligation (onverplicht) to do so and as a consequence of which the creditors (present or future) of the company are prejudiced, provided that at the moment of the performance of the legal act such company and, unless the act has been performed for no consideration (om niet), the party with or towards whom such company has performed such act, knew or

should have known that the creditors (present of future) of such company would be prejudiced; and

(ii) a guarantee by a company incorporated under the law of the Netherlands for the performance of obligations of a third party which is not a wholly owned direct or indirect subsidiary of such company may, if such guarantee is not in the legitimate business interest of such company, be deemed to be (i) exceeding the corporate objects of such company, (ii) violating the articles of association of such company, and (iii) not valid, binding and enforceable against such company under the law of the Netherlands;

(jj) under Netherlands law a power of attorney, instruction, designation or appointment (such as the appointment of CT Corporation System as agent as set forth in section 24.6 of the Note Purchase Agreements) may not be deemed to be irrevocable, to the extent that such power of attorney, instruction, designation or appointment has not been granted or given for the performance of a legal act in the interest of the receiver thereof or of a third party, and to the extent Netherlands law would apply thereto, such power of attorney, instruction, designation or appointment would terminate upon the bankruptcy of the grantor, instructor, designator or appointor thereof; and

(kk) no opinion is rendered in respect of the authority of Warburg Dillon Read LLC to act as securities intermediary (effectenbemiddelaar) in or from within the Netherlands with respect to the offering and sale of the Notes.

DE BRAUW BLACKSTONE WESTBROEK P.C.

This opinion is rendered to you and is for the sole benefit of yourselves and it may not be relied upon by any person other than yourselves and your legal advisers for the purpose of giving their opinion to you in connection with this matter. This opinion may not without my prior written consent be relied upon by, transmitted to or filed with any other person, firm, company or institution.

Yours faithfully,

/s/ Kaarina A. Zimmer

Kaarina A. Zimmer
for
De Brauw Blackstone Westbroek P.C.

DE BRAUW BLACKSTONE WESTBROEK P.C.

ANNEX

The Prudential Insurance Company of America

Connecticut General Life Insurance Company

Life Insurance Company of North America

Metropolitan Life Insurance Company

Texas Life Insurance Company

Principal Life Insurance Company

USAA Life Insurance Company

The Paul Revere Life Insurance Company

Massachusetts Mutual Life Insurance Company

CM Life Insurance Company

The Guardian Life Insurance Company of America

American Investors Life Insurance Company

Ohio National Life Assurance Corporation

State Farm Life Insurance Company

Ameritas Life Insurance Corp.

EXHIBIT 4.4(a)(iii)

FORM OF OPINION OF AUSTRALIAN
SPECIAL COUNSEL FOR THE OBLIGORS

<PAGE>

ALLEN ALLEN & HEMSLEY

ALLENS
ARTHUR ROBINSON
GROUP

<TABLE>
<S> <C> <C> <C>
SOLICITORS & NOTARIES | | THE CHIFLEY TOWER
2 CHIFLEY SQUARE
SYDNEY AUSTRALIA | CORRESPONDENCE
GPO BOX 50
SYDNEY NSW
AUSTRALIA 2001
OUR REFERENCE | AGM 1312903 MXK | TELEPHONE - 61-2-9230 4000 |
YOUR REFERENCE | | FACSIMILE - 61-2-9230 5333 |
WRITER'S DIRECT LINE | (02) 9230 4216 | VOICE MAIL - 61-2-9230 4111 |
PARTNER RESPONSIBLE | ALAN MAXTON | DX 105 SYDNEY |
</TABLE>

4 November 1998

To: Each Noteholder referred to below

Dear Sirs

JAMES HARDIE REORGANISATION

We have acted for James Hardie Aust. Investco Pty Limited (the GUARANTOR) in connection with the Deed Poll Deed of Guarantee (the GUARANTEE) dated 4 November 1998 executed by the Guarantor in favour of the Noteholders.

Definitions in the Guarantee apply in this opinion but FACILITY means any Revolving Facility Agreement dated 3 November 1998 between the Guarantor and each of Wachovia Bank, The Industrial Bank of Japan Limited, Westdeutsche Landesbank and Banque Nationale de Paris and dated 4 November 1998 between the Guarantor and Australia and New Zealand Banking Group Limited. ISSUER means James Hardie Finance B.V., a company incorporated in The Netherlands, JHNV means James Hardie N.V., a company incorporated in The Netherlands, NOTE means any guaranteed senior note issued under any NPA, NOTEHOLDER means any person in whose name any Note is registered under any NPA, NPA means any note purchase agreement, to be dated as of 5 November 1998, and executed by the Issuer and each initial noteholder and RELEVANT JURISDICTION means the Commonwealth of Australia or New South Wales.

No assumption or qualification in this opinion limits any other assumption or qualification in it.

1. GUARANTEE

We have examined the following documents:

(a) an executed counterpart of the Guarantee;

(b) of the constitution of the Guarantor;

(c) certified copies of extracts of resolutions passed by the board of directors of the Guarantor;

(d) certified copies of extracts of resolutions passed by the board of directors of James Hardie Aust. Holdings Pty Limited (the sole shareholder of the Guarantor);

(e) executed powers of attorney in connection with the execution of the Guarantee by the Guarantor;

(f) a solvency certificate executed by the directors of the Guarantor; and

(g) the unexecuted form of each:

(i) NPA;

(ii) 364 day standby facility agreement between the Guarantor and JHNV as guarantors and the Issuer as borrower and each of Westdeutsche Landesbank Girozentrale, Banque Nationale de Paris, Australian and New Zealand Banking Group Limited and Wachovia Bank (the BANKS); and

(iii) revolving loan facility agreement between the Guarantor as borrower, the Issuer and JHNV as guarantors, and each of the Banks and The Industrial Bank of Japan Limited.

2. ASSUMPTIONS

For the purposes of giving this opinion we have assumed the following.

(a) The authenticity of all seals and signatures and of any duty stamp or marking.

(b) The completeness, and the conformity to original instruments, of all copies submitted to us, and that any document (other than the Guarantee) or authorisation submitted to us continues in full force and effect.

(c) Each power of attorney referred to in paragraph 1(e) above has been or will be registered in the jurisdiction of execution and of the governing law of each Guarantee to which it relates.

(d) The Guarantor executes the Guarantee for its benefit and for the purposes of its business. In relation to this assumption, we note the following.

(i) The Guarantor has arranged the Facilities under which certain banks agree to make financial accommodation available to the Guarantor. One of the conditions precedent to the Facilities is that the Issuer and JHNV (each a company with significant assets) guarantee the Guarantor's payment of all Secured Moneys under the Facility. The Issuer and JHNV will only grant that guarantee if the Guarantor executes the Guarantee. We understand that without the guarantee of the Issuer and JHNV, it is unlikely that the Guarantor could arrange the Facilities.

(ii) The borrowing under the Facilities benefits the Guarantor because it enables it to capitalise its wholly owned subsidiary, James Hardie Aust. Investco Services Pty Limited, who will lend those funds to another subsidiary of the Guarantor, James Hardie Australia Pty Limited, who will purchase certain operating businesses, the ownership of which the Guarantor was specifically incorporated for. The directors of the Guarantor consider that the purchase and ultimate ownership of those businesses will benefit the Guarantor. Further, we note that the directors of the Guarantor concluded that given the financial strength of the Issuer, and the fact that JHNV guarantees the

same obligations as the Guarantee, the likelihood of demand being made under the Guarantee is remote.

While the existence of benefit to the company is a question solely for the directors of the Guarantor, it appears that the directors had reasonable grounds for concluding that there was commercial benefit in executing the Guarantee. We note that the directors determination of the existence of that benefit is recorded in the extract of minutes referred to in paragraph 1(c) of this opinion.

(e) No entity has engaged or will engage in misleading or unconscionable conduct or is or will be involved in or a party to any relevant transaction or any associated activity in a manner or for a purpose not evident on the face of the Guarantee which might render the Guarantee or any relevant transaction or associated activity in breach of law, void or voidable.

(f) The Guarantee has been or will be executed in New South Wales.

(g) Insofar as any obligation under the Guarantee is to be performed in any jurisdiction other than a Relevant Jurisdiction, its performance will not be illegal or unenforceable under the law of that jurisdiction.

(h) Each of the Guarantor, JHNV and the Issuer are wholly owned subsidiaries of James Hardie Industries Limited at the time of execution of the Guarantee.

(i) All proceeds of the Notes will be lent by the Issuer to James Hardie USA Inc.. That company will use all the proceeds of that loan to repay inter-company debt to James Hardie Finance Inc (JHFI). JHFI will use all of those repayments to repay lenders who are not members of the James Hardie group.

3. QUALIFICATIONS

Our opinion is subject to the following qualifications.

(a) We express no opinion as to any laws other than the laws of each Relevant Jurisdiction as in force at the date of this opinion.

(b) Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which courts in the Relevant Jurisdictions enforce. It does not mean that the obligation or document can necessarily be enforced in accordance with its terms in all circumstances. In particular:

(i) equitable remedies, such as injunction and specific performance, are discretionary; and

(ii) the enforceability of an obligation, document or security interest may be affected by statutes of limitation, by estoppel, waiver and similar principles, by the doctrine of frustration, by laws concerning insolvency, bankruptcy, liquidation, administration, enforcement of security interests or reorganisation, or by other laws generally affecting creditors' or counterparties' rights or duties.

(c) We have relied on a search of public records of the Australian Securities and Investments Commission on 27 October 1998. We note that records disclosed by such search may not be complete or up to date.

(d) We have relied on the assumptions specified in s129 of the Corporations Law and note that you may do so unless you knew or suspected that the assumption was incorrect.

(e) Any provision that certain calculations, determinations or certificates will be conclusive and binding will not apply if those calculations, determinations or certificates are fraudulent or manifestly inaccurate.

(f) Clause 8 of the Guarantee may not be enforceable in accordance with its terms, as a court may reserve to itself a decision as to whether any provision is severable.

(g) The obligation of a party under the Guarantee to pay interest on overdue amounts at a rate higher than the rate applying before the amount fell due may be held to constitute a penalty and be unenforceable.

(h) We express no opinion on any provision in the Guarantee requiring written amendments and waivers insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed on or granted between or by the parties.

(i) The courts might not give full effect to an indemnity for legal costs or for penalties on Taxes.

(j) We have relied, as to certain matters of fact, on certificates of officers of the Guarantor and on certain information provided by PricewaterhouseCoopers relating to use of the proceeds of the Notes.

(k) Insofar as our opinions in clause 4 relate to the performance of the Guarantee, those opinions are limited to the principal transactions contemplated by the Documents. They do not extend to the performance of obligations under other documents referred to in the Guarantee.

(l) A judgment by a court may be given in some cases only in Australian dollars.

(m) Purported waivers of statutory rights or agreements not to sue or agreements to agree or negotiate or consult may not be enforceable.

(n) In relation to our opinion in 4(j), we note that section 260A of the Corporations Law has only been operative since 1 July 1998 and we are only aware of one case on it (RE BIDVEST). That case does not provide very much guidance on the interpretation of the section. Further, if the giving of financial assistance is part of a larger transaction, it is not clear whether the courts will consider the giving of that assistance in isolation from, or as part of, that larger transaction.

4. OPINION

Based on the assumptions and subject to the qualifications set out above we are of the following opinion.

(a) The Guarantor is incorporated under the laws of the place of its incorporation stated in the Guarantee.

(b) The Guarantor has the corporate power to enter into and perform its obligations under the Guarantee.

(c) The execution, delivery and performance by the Guarantor of the Guarantee did not and will not violate in any respect any existing provision of:

(i) any law of any Relevant Jurisdiction; or

(ii) its constitution.

(d) The Guarantee constitutes legal, valid and binding obligations of the Guarantor enforceable in competent courts of the Relevant Jurisdictions.

(e) All Authorisations under the laws of any Relevant Jurisdiction now obtainable and required in connection with the execution, delivery, performance, validity or enforceability of the Guarantee have been obtained or effected and are in full force and effect.

(f) No stamp or registration or similar taxes or charges are payable under the laws of any Relevant Jurisdiction in connection with the execution, delivery, performance and enforcement of the Guarantee or any transaction contemplated by them other than nominal duty, financial institutions duty and debits tax.

(g) It is not necessary or advisable under the laws of any Relevant Jurisdiction to file, register or record the Guarantee.

(h) Neither the Guarantor nor any of its properties or assets has any immunity from the jurisdiction of any court or from legal process under the laws of any Relevant Jurisdiction.

(i) It is not necessary that a Noteholder should be licensed, qualified or otherwise entitled to carry on business under the laws of any Relevant Jurisdiction in order to enforce its rights under the Guarantee or by reason only of the execution, delivery and performance of the Guarantee.

(j) The issuing of the Guarantee does not constitute the giving of financial assistance within the meaning of s260A of the Corporations Law because all proceeds of the Notes are applied in repayment of existing external debt of James Hardie Finance Inc. and are not used to assist the acquisition of shares in the Guarantor, or any holding company of the Guarantor. However, if a court were to conclude that the issuing of the Guarantee did constitute such financial assistance, we think it unlikely that that court would conclude that there had been a breach of s260A. That section is only breached by the giving of financial assistance which MATERIALLY PREJUDICES the company giving the assistance, its creditors or shareholders. We note that:

(i) the shareholders of the Guarantor have acknowledged the issuing of the Guarantee and have concluded that they do not suffer any material prejudice;

(ii) for the reasons stated in paragraph 2(d)(ii) above, the likelihood of a demand being made under the Guarantee could reasonably be considered remote and the Guarantor's directors have concluded that its execution benefits the Guarantor;

(iii) at the date of execution of the Guarantee, we understand that the Guarantor had no creditors other than:

(A) the banks under the Facilities; and

(B) some of those same banks under a 364 day standby facility which has also been guaranteed by the Guarantor.

In relation to the Facilities, the cross guarantees from the Issuer and JHNV were requirements of the banks to their entering into the Facilities.

In relation to the 364 day standby facility, the guarantees of JHNV and of the Guarantor were requirements of the lending banks.

As the banks are aware, those guarantees by the Issuer and JHNV could only be issued by those companies on the basis that the Guarantor issued the Guarantee. The banks therefore appear to benefit from the issuing of the Guarantee since if the Guarantor did not do so, the banks would not receive the benefit of the guarantees from the Issuer and JHNV, companies with significant assets. Creditors do not therefore appear to suffer any material prejudice from the issuing of the Guarantee.

(k) The indebtedness of the Guarantor under the Guarantee will rank pari passu with its indebtedness under the Facilities and all other unsecured unsubordinated indebtedness of the Guarantor which is not mandatorily preferred by law.

(l) Part 2E of the Corporations Law (which affects transactions involving public companies and entities controlled by public companies where the public company or entity does not get full value from the transaction, and the benefiting party is a related party) does not apply to the issuing of the Guarantee as the Guarantor, the Issuer and JHNV are all directly or indirectly wholly owned subsidiaries of James Hardie Industries Limited.

(m) There is no Australian equivalent of the United States legal doctrine of "successor liability" which might transfer asbestos related liability to a company which is acquiring assets of, as opposed to shares in, any transferring company.

(n) If after issuing the Guarantee the Guarantor is solvent (and we note the directors' certificate referred to in 1(f) states that it is) and the execution of the Guarantee by the Guarantor (having regard to the benefits and detriment to it in entering into the Guarantee) is ultimately for its benefit and for the purposes of its business so that a reasonable person in its position would have entered into it, the Guarantee will not be void or voidable on the basis of Australian fraudulent conveyance laws.

This opinion is addressed to you for your sole benefit. It is not to be relied on by any other person or for any other purpose nor is it to be quoted or referred to in any public document or filed with any Government Agency or other person without our consent.

Yours faithfully

/s/ Allen Allen & Hemsley

EXHIBIT 4.4(b)

FORM OF OPINION OF SPECIAL COUNSEL
TO THE PURCHASERS

<PAGE>

WILLKIE FARR & GALLAGHER

787 Seventh Avenue
New york, NY 10019-6099

212 728 8000
Fax: 212 728 8111

November 5, 1998

To each of the Purchasers
listed in Schedule A to the Note
Purchase Agreements referred to below

Re: James Hardie Finance B. V. (Issuer) and James Hardie N. V. (Guarantor)
6.86% Guaranteed Senior Notes due 2004, Series A--$24,000,000
6.92% Guaranteed Senior Notes due 2005, Series B--$35,000,000
6.99% Guaranteed Senior Notes due 2006, Series C--$37,000,000
7.05% Guaranteed Senior Notes due 2007, Series D--$11,000,000
7.12% Guaranteed Senior Notes due 2008, Series E--$63,000,000
7.24% Guaranteed Senior Notes due 2010, Series F--$20,000,000
7.42% Guaranteed Senior Notes due 2013, Series G--$35,000,000

Ladies and Gentlemen:

We have acted as your special counsel in connection with (i) the issuance by James Hardie Finance B.V. (the "Issuer") of its above-referenced Guaranteed Senior Notes in an aggregate principal amount of $225,000,000 (the "Notes"), and (ii) the purchases by you pursuant to the separate Note Purchase Agreements made by you with the Issuer and Hames Hardie N.V., (the "Guarantor"), as guarantor of the Notes, under date of November 5, 1998 (the "Note Purchase Agreements") of Notes in the respective aggregate principal amounts and of the particular series as set forth in Schedule A to the Note Purchase Agreements.

We have examined such corporate records of the Issuer and the Guarantor, agreements and other instruments, certificates of public officials and of officers and representatives of the Issuer and the Guarantor, and such other documents, as we have deemed necessary in connection with the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of documents submitted to us as originals and the conformity with the authentic originals of all documents submitted to us as copies. As to questions of fact material to such opinions we have, when relevant facts were not independently established, relied upon the representations set forth in the Note Purchase Agreements and upon certifications by officers or other representatives of the Issuer and the Guarantor.

In addition, we attended the closing held today at our office at which you purchased and made payment for Notes in the respective aggregate principal amounts to be purchased by you, all in accordance with the Note Purchase Agreements.

Based upon the foregoing and having regard for legal considerations that we deem relevant, we render our opinion to you pursuant to Section 4.4 of the Note Purchase Agreements as follows:

1. The Note Purchase Agreements constitute legal, valid and binding obligations of the Issuer and the Guarantor, enforceable against Issuer and the Guarantor in accordance with their terms.

2. The Notes being purchased by you today constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

3. No consent, approval or authorization of, or declaration, qualification, registration or filing with, any New York or United States Federal governmental authority is required for the valid execution and delivery of the Note Purchase Agreements or the valid offer, issue, sale and delivery of the Notes pursuant to the Note Purchase Agreements.

4. It is not necessary in connection with the offer, issue, sale and delivery of the Notes, under the circumstances contemplated by the Note Purchase Agreements, to register the Notes under the Securities Act of 1933, as amended, or to qualify an indenture in respect of the Notes under the Trust Indenture Act of 1939, as amended.

5. The use of proceeds from the sale of the Notes will not be deemed to be, directly or indirectly, for the purposes of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System and it is not necessary for you to obtain a statement in conformity with the requirements of Federal Reserve Form FR G-3 or to register on Federal Reserve Form FR G-1 under such Regulation U in connection with your purchase of the Notes.

We have examined the opinions of Gibson, Dunn & Crutcher LLP, special counsel to the Issuer and the Guarantor, De Brauw Blackstone Westbroek P.C., Netherlands counsel to the Issuer and the Guarantor, and Allen Allen & Hemsley, Australian counsel for the Issuer and the Guarantor, each dated today and delivered to you pursuant to Section 4.4 of the Note Purchase Agreements, which opinions are

satisfactory to us in form and substance with respect to the matters respectively specified therein and we believe that both you and we are justified in relying thereon. We call to your attention the fact that in approving the substance of said opinions we have not made an investigation sufficient to enable us to express an independent opinion with respect to the substantive matters covered by said opinions (other than substantive matters governed by United States Federal laws or the laws of the State of New York and specifically covered by this opinion); however nothing has come to our attention that would cause us to disagree with the legal conclusions expressed in any of said opinions as to any such matters.

The opinions expressed above as to the enforceability of any agreement or instrument in accordance with its terms are subject to the exception that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion as to any provision in the Note Purchase Agreements insofar as such provisions relate to (a) the subject matter jurisdiction of a United States Federal District Court sitting in New York to adjudicate any controversy relating to the Note Purchase Agreements or the Notes, or (b) the waiver of inconvenient forum with respect to proceedings in any such United States Federal District Court.

We are members of the bar of the State of New York and do not herein intend to express any opinion as to any matters governed by any laws other than United States Federal laws and the laws of the State of New York. To the extent that the opinions expressed above involve matters governed by Netherlands law or Australian law, we have relied upon the aforementioned opinions of De Brauw Blacksone Westbroek P.C. and Allen Allen & Hemsley, respectively, and our conclusions as to such matters are subject to the same assumptions, limitations and qualifications as are contained in said opinions.

This opinion is given solely for your benefit, and for the benefit of other institutional investor holders from time to time of Notes purchased by you today, in connection with the closing held today of the transactions contemplated by the Note Purchase Agreements and may not be relied upon by any other person for any purpose without our prior written consent.

Very truly yours,

/s/ Willkie Farr & Gallagner

Willkie Farr & Gallagner

EXHIBIT 5.5

PRO FORMA STATEMENTS

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COVER NOTE TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The "Unaudited Pro Forma Consolidated Financial Data" containing the Pro Forma Statements has been excerpted from the publicly available Amendment No. 1 to the Form F-1 Registration Statement of James Hardie N.V. as filed with the Securities and Exchange Commission on October 15, 1998 (as amended, the "Registration Statement"). Neither the Registration Statement nor the prospectus included therein is incorporated herein by reference. Any reference to "this Prospectus" in the excerpted pages should be read as a reference to "the Memorandum". The Pro Forma Statements were prepared to give accounting effect to certain transactions that will occur in connection with the Reorganization based on the assumptions stated therein, including an assumption that the equity offering on Form F-1 would be completed at the same time as the Reorganisation and the Debt Financing.

In the event that the equity offering does not occur as planned, or it does occur but other conditions relating to the treatment of interest paid by the U.S. Subsidiary to the Finance Subsidiary under the US-NL Tax Treaty are not met, then withholding taxes of 30% in the U.S. may become payable in any year, although this amount may be partially alleviated by the deductibility in the Netherlands of foreign tax paid in the U.S.. For the purposes of the Debt Financing and assuming that such equity offering does not occur, management has estimated that additional income tax expense of US$14.6 million and US$3.7 million would need to be reflected as a pro forma adjustment in the unaudited pro forma statements of income for the fiscal year ended March 31, 1998 and for the three months ended June 30,1998, respectively. After giving effect to these adjustments, the pro forma income from continuing operations would be US$29.5 million and US$10.0 million income for the fiscal year ended March 31, 1998 and for the three months ended June 30, 1998, respectively.

For a discussion of the principal tax issues and conditions, refer to footnote nine to the unaudited pro forma consolidated statement of income for the fiscal year ended March 31, 1998 and to footnote seven to the unaudited pro forma consolidated statement of income for the three months ended June 30,1998.

The company has not determined how it may reorganise its intercompany financing arrangements if the equity offering does not occur and the pro forma adjustment described above does not reflect the benefits, if any, that may be generated from alternative financial arrangements. The pro forma data is for informational purposes only and should not be construed to be indicative of the Company's financial position or results of operations had the transactions been consummated on the dates assumed and do not project the

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Company's consolidated financial position or results of operations for any future date or period.

COMPANY REPRESENTATION

In relation to the "Unaudited Pro Forma Consolidated Financial Data," and when read in conjunction with the covering note prepared for the Private Placement Memorandum, the assumptions on which the pro forma adjustments reflected in the Pro Forma Statements are based provide a reasonable basis for presenting the significant effects of the Reorganisation and the Debt Financing assuming that the equity offering does not occur, and such pro forma adjustments give appropriate effect to such assumptions and are properly applied in the Pro Forma Statements.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma consolidated financial statements of income (the "Unaudited Pro Forma Consolidated Statements of Income") for the year ended March 31, 1998 and the three months ended June 30, 1998 and the unaudited pro forma consolidated balance sheet (the "Unaudited Pro Forma Consolidated Balance Sheet") as of June 30, 1998 (collectively, the "Pro Forma Statements") reflect adjustments to the audited Consolidated Financial Statements of the James Hardie Businesses (consisting of both the assets and liabilities of the Transferred Businesses and the Retained Assets and Liabilities) appearing elsewhere in this Prospectus to give accounting impact to certain transactions that will occur in connection with the Reorganization. The pro forma adjustments to each Pro Forma Statement are described in the accompanying footnotes to the Pro Forma Statements. The pro forma adjustments are based on available information and certain assumptions management believes are reasonable.

The Pro Forma Statements are for informational purposes only and should not be construed to be indicative of the Company's consolidated financial position or results of operations had the transactions been consummated on the dates assumed and do not project the Company's consolidated financial position or results of operations for any future date or period.

In accordance with U.S. GAAP, the transfers to the Company of the Transferred Businesses will be accounted for in the Consolidated Financial Statements of the Company at cost using the "as if" pooling method on the basis that the transfers are under common control. The financial adjustments required to eliminate the Retained Assets and Liabilities will be recorded as a deemed transfer to JHIL in the Consolidated Financial Statements of the Company. All pro forma adjustments have been recorded at historical cost in the Pro Forma Statements.

The Pro Forma Statements should be read in conjunction with the Consolidated Financial Statements of the James Hardie Businesses and the related notes thereto, and other financial information pertaining to the Company and the James Hardie Businesses included elsewhere in this Prospectus.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

The Unaudited Pro Forma Consolidated Balance Sheet gives accounting effect to the following pro forma transactions that affect the James Hardie Businesses' historical financials as if they occurred on June 30, 1998: (1) the transfer of the Transferred Businesses to the Company and the retention of the Retained Assets and Liabilities by JHIL and (2) the completion of the Debt Financing.

The total shareholders' equity disclosed in the Unaudited Pro Forma Consolidated Balance Sheet gives accounting effect to the adjustments noted as if they occurred on June 30, 1998. Total equity at the date of the Reorganization may differ significantly from that disclosed in the Unaudited Pro Forma Consolidated Balance Sheet as a result of movements in foreign exchange rates that impact the balance of the foreign currency translation adjustment account, earnings, capital expenditure and other cash flows impacting cash balances in the period June 30, 1998 to the date of the Offerings.

<PAGE>

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	JUNE 30, 1998			
		PRO FORMA ADJUSTMENTS		
	JAMES HARDIE BUSINESSES	JHIL RETAINED ASSETS AND LIABILITIES	REVISED DEBT STRUCTURE	PRO FORMA
<S>	<C>	<C>	<C>	<C>
ASSETS				
Current assets:				
Cash and cash equivalents	$ 204.5	$ (202.5)(1)		$ 2.0
Accounts and notes receivable, net of allowance for doubtful accounts	113.9	(8.5)(2)	--	105.4
Inventories	60.0	--	--	60.0
Prepaid expenses and other current assets	14.2	(2.3)(2)	--	11.9
Deferred tax assets	24.9	(8.7)(3)	--	16.2
Total current assets	417.5			195.5
Long term receivables	10.9	(7.3)(2)	--	3.6
Investments	20.4	(17.6)(2)	--	2.8
Property, plant and equipment, net	488.6	(26.2)(4)	--	462.4
Intangibles, net	36.0	--	--	36.0
Mineral reserves	24.4	--	--	24.4
Prepaid pension cost	10.7	--	--	10.7
Deferred tax assets	68.5	(51.6)(3)	--	16.9
Total assets	$ 1,077.0			$ 752.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 84.0	$ (15.9)(2)	--	$ 68.1
Bank overdraft	2.7	(2.7)(1)		--
Current portion of long term debt	31.4	(31.4)(1)	--	--
Accrued compensation	11.8	--	--	11.8
Accrued product liabilities	10.7	(5.5)(2)	--	5.2
Other liabilities	6.2	(6.2)(2)	--	--
Total current liabilities	146.8			85.1
Long-term debt	481.9	(481.9)(1)	$ 340.0(7)	340.0
Deferred tax liability	14.4	--	--	14.4
Other noncurrent liabilities	14.1	(5.2)(2)	--	8.9
Total liabilities	$ 657.2			$ 448.4
Shareholders' equity:				
Capital	$ 543.4	$ 211.9(6)	$ (340.0)(7)	$ 415.3
Unrealized gain(loss) on available securities for sale	(1.8)	1.8(2)	--	--
Cumulative translation adjustment	(111.4)	--	--	(111.4)
Employee loans	(10.4)	10.4(5)	--	--
Total shareholders' equity	419.8			303.9(8)
Total liabilities and shareholders' equity	$ 1,077.0			$ 752.3

</TABLE>

<PAGE>

(1) Reflects the elimination of cash deposits and existing debt facilities of JHIL which are to be retained by JHIL.

(2) Retained Assets and Liabilities of JHIL or its non-transferring subsidiaries which will not be transferred to the Company are comprised of:

<TABLE>
<CAPTION>

	$ MILLIONS
<S>	<C>
Accounts and notes receivable, net of allowance for doubtful accounts:	
Financing structures retained by JHIL	$ 8.5
Prepaid expenses and other current assets:	
Capitalized expenses	$ 2.3
Long term receivables:	
Vendor finance	$ 7.3
Investments:	
AEF portfolio	$ 7.5
Other	10.1
	$ 17.6
Accounts payable and accrued liabilities:	
Financing structures retained by JHIL	$ 15.4
Other	0.5
	$ 15.9
Accrued product liabilities:	
JHIL or its non-transferring subsidiaries will retain responsibility for certain specific product warranty claims	$ 3.7
Environmental rectification	1.8
	$ 5.5
Other current liabilities	$ 6.2
Other noncurrent liabilities	
Surplus lease space	$ 2.3
Product warranty (see note above)	$ 2.2
Other	$ 0.7
	$ 5.2
Unrealized loss on securities available for sale	$ 1.8

</TABLE>

(3) Adjustment made to deferred tax assets associated with certain of the above liabilities and residing in JHIL and certain subsidiaries which will not form part of the Transferred Businesses amounting to $60.3 million.

(4) Reflects properties to be retained by JHIL or its non-transferring subsidiaries and leased to the Company with a net book value of $26.2 million. The properties concerned comprise:

<TABLE>
<CAPTION>

	NET BOOK VALUE $ MILLIONS
<S>	<C>
Fiber Cement Australia	$ 19.6
Fiber Cement New Zealand	6.6
	$ 26.2

</TABLE>

(5) Reflects the removal of employee loans related to executive share purchase plan which will be retained by JHIL and will not transfer to or be assumed by the Company.

(6) For accounting purposes, the retention by JHIL and its non-transferring subsidiaries of the Retained Assets and Liabilities as set forth in adjustments (1) to (5) above is recorded as a deemed contribution by JHIL to the Company of $211.9 million.

<PAGE>

(7) Reflects adjustments which are required to facilitate the Debt Financing and the related deemed dividend. The Finance Subsidiary will issue approximately $225 million aggregate principal amount of Notes and arrange a Bank Facility, including a $115 million term facility and a $80 million revolving credit facility. At the time of the Offerings, the Company does not expect to have drawn down the revolving credit facility. The Notes will be issued with a mix of maturities ranging from 6 to 15 years. The Pro Forma Consolidated Balance Sheet reflects the indebtedness under the Bank Facility and the Notes of $340 million.

(8) The total shareholders' equity disclosed in the Unaudited Pro Forma Consolidated Balance Sheet gives accounting effect to the adjustments noted in (1) to (7) above as if they occurred on June 30, 1998. Total equity at the date of the Offerings may differ significantly from that disclosed in the Unaudited Pro Forma Consolidated Balance Sheet as a result of movements in foreign exchange rates that impact the balance of the foreign currency translation adjustment account, earnings, capital expenditure and other cash flows impacting cash balances in the period from June 30, 1998 to the date of the Offerings.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

The Unaudited Pro Forma Consolidated Statements of Income for the fiscal year ended March 31, 1998 and the three months ended June 30, 1998 give accounting effect to the following transactions that affect the James Hardie Businesses' historical financials as if they occurred on April 1, 1997 and April 1, 1998 respectively: (1) the transfer of the Transferred Businesses to the Company and the retention of the Retained Assets and Liabilities by JHIL, including any related income and expenses, (2) the completion of the Debt Financing, and (3) certain tax consequences of the Reorganization.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED MARCH 31, 1998					
		PRO FORMA ADJUSTMENTS				
	JAMES HARDIE BUSINESSES	JHIL RETAINED	DEBT FINANCING	PRO FORMA WITHOUT INTERCOMPANY TAX BENEFIT	PRO FORMA ADJUSTMENT INTERCOMPANY TAX BENEFIT	PRO FORMA WITH INTERCOMPANY TAX BENEFIT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 822.3	--	--	$ 822.3	--	$ 822.3
Cost of goods sold	(592.3)	$ (4.2)(1)	--	(596.5)	--	(596.5)
Gross profit	230.0			225.8		225.8
Selling, general and administrative expenses	(142.7)	--	--	(142.7)	--	(142.7)(10)
Restructuring and other operating expenses	(5.1)	--	--	(5.1)	--	(5.1)
Operating profit	82.2			78.0		78.0
Interest expense	(37.6)	37.6(2)	$ (22.9)(3)	(22.9)	--	(22.9)
Interest expense -- related parties	(11.3)	11.3(2)	--	--	--	--
Interest income	28.3	(28.3)(4)	--	--	--	--
Equity earnings -- RCI	6.2	(6.2)(5)	--	--	--	--
Other nonoperating expenses, net	(12.1)	11.9(6)	--	(0.2)	--	(0.2)
Income (loss) from continuing operations before income tax	55.7	--	--	54.9	--	54.9
Income tax (expense) benefit	(25.0)	(6.7)(7)	4.9(8)	(26.8)	$ 16.0(9)	(10.8)
Income from continuing operations	$ 30.7			$ 28.1		$ 44.1
Pro forma earnings per share				$		$

</TABLE>

<PAGE>
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(1) Reflects the difference between depreciation historically incurred by JHIL on certain properties that it will retain in the Reorganization, and the rental expense that the Company will incur to lease such properties from JHIL. The adjustment is comprised of:

<TABLE>
<CAPTION>

	$ MILLIONS
<S>	<C>
Depreciation on retained property.....	$ 0.9
Additional rental expense.....	(5.1)
	$ (4.2)

</TABLE>

The rental expense assumed by the Company for purposes of the Pro Forma Consolidated Statement of Income is based on an assessment of the fair market rental for the properties retained by JHIL and the terms of the leases the Company will enter into with JHIL.

(2) Reflects the elimination of $37.6 million in interest expense relating to the existing debt facilities of the James Hardie Businesses which will be retained by JHIL and the elimination of $11.3 million in interest expense to related parties which relates to RCI Corporation sold in fiscal year 1998.

(3) Pursuant to the Debt Financing, the Finance Subsidiary will issue approximately $225 million aggregate principal amount of Notes and will arrange a Bank Facility consisting of $115 million term loan and an $80 million revolving credit facility. At the time of the Offerings, the Company does not expect to have drawn down on the revolving credit facility. The Notes will be issued with a mix of maturities ranging from 6 to 15 years. The blended interest rate on the Notes and the term loan is estimated by the Company to be 6.7% or $22.9 million assuming outstanding indebtedness of $340 million for the entire year ended March 31, 1998. The $340 million payment represents the settlement of liabilities to JHIL which arise in connection with the Reorganization. The effect on unaudited pro forma income for the year ended March 31,1998 of each 1/8 % change in the blended interest rate on the Notes and the term loan would be $0.4 million.

(4) Reflects the elimination of interest income earned on cash and cash equivalents held by the James Hardie Businesses during fiscal year 1998 which are to be retained by JHIL.

(5) Reflects equity earnings of RCI Corporation sold in fiscal year 1998.

(6) The amount of $11.9 million primarily reflects the elimination of a $12.2 million accrual for losses relating to guarantees and other expenses associated with the settlement of litigation relating to the 1987 Firmandale transaction. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Ongoing obligations associated with the Firmandale litigation will be retained by JHIL and will not be transferred to or assumed by the Company. The remaining $0.3 million reduction reflects the net expenses of previous tax franking credit structures utilized by JHIL and dividend income, comprised of:

<TABLE>
<CAPTION>

	$ MILLIONS
<S>	<C>
Tax franking credit.....	$ 0.2
Dividends received.....	(0.5)
	$ (0.3)

</TABLE>

(7) Reflects the impact of additional taxes resulting from the following adjustments referred to above, as follows:

<TABLE>
<CAPTION>

	GROSS ($ MILLIONS)	APPLICABLE INCOME TAX ($ MILLIONS)
<S>	<C>	<C>

Depreciation on retained property.....	$ 0.9	$ --
Rental expense.....	(5.1)	1.8
Interest expense.....	37.6	(14.0)
Interest income.....	(28.3)	10.2
Tax franking credit.....	0.2	--
Dividends received.....	(0.5)	--
Interest expense -- related parties.....	11.3	(4.0)
Equity earnings of RCI Corporation.....	(6.2)	--
Firmandale expense.....	12.2	(0.7)
		$ (6.7)

</TABLE>

<PAGE>

(8) Assumes that the term loan has been drawn down in Australia and the Notes have been issued in The Netherlands. The tax expense has been calculated as follows:

<TABLE>
<CAPTION>

	PRINCIPAL ($ MILLIONS)	INTEREST ($ MILLIONS)	TAX RATE	TAX DEDUCTION ($ MILLIONS)
<S>	<C>	<C>	<C>	<C>
Notes.....	$ 225.0	$ 16.0	15%	$ 2.4
Term loan.....	115.0	6.9	36%	2.5
		$ 22.9		$ 4.9

</TABLE>

(9) Reflects the deferred tax (expense) benefit of the intercompany debt arrangements of an estimated $877.0 million established in connection with the Reorganization, with the Finance Subsidiary assumed to be advancing to its subsidiaries in the United States, Australia and New Zealand, $747.0 million, $97.0 million and $33.0 million, respectively. The adjustment has been calculated as follows assuming an interest rate of 7.5% on intercompany debt:

<TABLE>
<CAPTION>

	PRINCIPAL ($ MILLIONS)	INTEREST ($ MILLIONS)	TAX RATE	DEFERRED TAX (EXPENSE) BENEFIT ($ MILLIONS)
<S>	<C>	<C>	<C>	<C>
Interest income				
The Netherlands.....	$ 877.0	$ 65.8	15%	$ (9.8)
Interest expense				
United States.....	747.0	56.0	40%	22.4
Australia.....	97.0	7.2	36%	2.6
New Zealand.....	33.0	2.5	33%	0.8
	$ 877.0			$ 16.0

</TABLE>

The actual amount of the intercompany debt at the date of the Reorganization will vary from that noted above due to foreign exchange movements and other movements on intercompany account balances.

The tax impact of the Debt Financing represents certain tax benefits that the Company expects to realize as a result of the new intercompany debt financing between the Finance Subsidiary and James Hardie's U.S. subsidiary. In calculating this amount, the following income tax rates have been assumed:

<TABLE>

<S>	<C>
United States (anticipated federal and state taxes).....	40%
Australia.....	36%
New Zealand.....	33%
The Netherlands (Financial Risk Reserve Regime).....	15%

</TABLE>

This calculation assumes that current tax laws of all relevant jurisdictions were in effect during fiscal year 1998, and that any tax rulings which relevant companies have obtained in connection with the Reorganization were also applicable and in effect during such year.

The calculation further assumes that interest payable by the U.S. subsidiary to the Finance Subsidiary will be taxed in The Netherlands at an effective rate of 15% pursuant to a ruling issued by the Dutch tax authorities applicable until 2008 based on certain conditions, including that all of the group's treasury activities are conducted exclusively from The Netherlands.

The calculation also assumes that the intercompany debt was in place throughout fiscal year 1998, and further assumes that (i) interest payments were fully deductible by the U.S. subsidiary in that year, and (ii) that such payments were not subject to U.S. withholding tax pursuant to the US-NL Treaty.

Interest paid by the U.S. subsidiary to the Finance Subsidiary should be currently deductible for U.S. tax purposes in any year provided that such interest is actually paid in that year and provided that the U.S. subsidiary has sufficient earnings to avoid limitations on the deductibility of interest resulting from the application of the U.S. "earnings stripping" rules. The Company does not anticipate that the U.S. subsidiary will make interest payments with respect to the related party debt during fiscal year 1999 or fiscal year 2000. Accordingly, no current U.S. tax deduction will be available for such years, although the associated tax benefit will be treated as realized currently for financial accounting purposes as the Company expects to ultimately realize the tax benefit from such years in the future.

Interest paid by the U.S. subsidiary to the Finance Subsidiary would likely not be subject to the US-NL Treaty and would be subject to a 30% U.S. withholding tax in any year unless, among other conditions of eligibility for benefits, the aggregate number of shares of the Common Stock traded on the applicable exchange during the previous taxable

<PAGE>

year is at least 6% of the average number of shares outstanding during that previous taxable year, in which case 0% withholding tax would apply under the US-NL Treaty. See "Risk Factors -- Tax Risks on Intercompany Interest Payments."

Deductions in Australia and New Zealand for interest paid to the Finance Subsidiary are subject to thin capitalization rules, which disallow interest on related party loans in excess of a prescribed multiple of the equity of the borrower. Withholding tax in Australia and New Zealand of 10% on interest paid to the Finance Subsidiary will be available as a credit against Dutch tax payable by the Finance Subsidiary, subject to certain limitations.

(10) Selling, general and administrative expenses include the current head office expenses of the James Hardie Businesses. Management estimates that head office expenses applicable to the Company will not vary significantly from the current level of head office expenses incurred by the James Hardie Businesses.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME

(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	FOR THE THREE, MONTHS ENDED JUNE 30 1998					
		PRO FORMA ADJUSTMENTS		PRO FORMA WITHOUT		PRO FORMA WITH
	JAMES HARDIE BUSINESSES	JHIL RETAINED	DEBT FINANCING	INTERCOMPANY TAX BENEFIT	PRO FORMA INTERCOMPANY TAX BENEFIT	INTERCOMPANY TAX BENEFIT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 206.2	--	--	$ 206.2	--	$ 206.2
Cost of goods sold	(147.7)	$ (0.9)(1)	--	(148.6)	--	(148.6)
Gross profit	58.5			57.6		57.6
Selling, general and administrative expenses	(35.1)	--	--	(35.1)	--	(35.1)
Restructuring and other operating expenses	(0.5)	--	--	(0.5)	--	(0.5)
Operating profit	22.9			22.0		22.0
Interest expense	(7.3)	7.3(2)	$ (5.7)(3)	(5.7)	--	(5.7)
Interest income	3.4	(3.4)(4)	--	--	--	--
Income (loss) from continuing operations before income tax	19.0	--	--	16.3	--	16.3
Income tax (expense) benefit	(6.6)	(1.2)(5)	1.2(6)	6.6	$ 4.0(7)	(2.6)
Income from continuing operations	$ 12.4			$ 9.7		$ 13.7
Pro forma earnings per share				$		$

</TABLE>

---

(1) Reflects the difference between depreciation on buildings historically incurred by JHIL on certain properties that it will retain in the Reorganization, and the rental expense that the Company will incur to lease such properties from JHIL. The adjustment is comprised of:

<TABLE>
<CAPTION>

	$ MILLIONS
<S>	<C>
Depreciation on retained property	$ 0.2
Additional rental expense	(1.1)
	$ (0.9)

</TABLE>

The rental expense assumed by the Company for purposes of the Pro Forma Consolidated Statement of Income is based on an assessment of the fair market rental for the properties retained by JHIL and the terms of the leases the Company will enter into with JHIL.

(2) Reflects the elimination of $7.3 million interest expense relating to the existing debt facilities of the James Hardie Businesses which will be retained by JHIL.

(3) Pursuant to the Debt Financing, the Finance Subsidiary will issue approximately $225 million of aggregate principal amount Notes and will arrange a Bank Facility, consisting of $115 million term loan and an $80 million revolving credit facility. At the time of the Offerings, the Company does not expect to have drawn down on the revolving credit facility. The Notes will be issued with a mix of maturities ranging from 6 to 15 years. The blended interest rate on the Notes and the term loan is estimated by the Company to be 6.7% or $5.7 million assuming outstanding indebtedness of $340 million for the whole of the three months ended June 30, 1998. The effect on income of each 1/8 % change in the blended interest rate on the Notes and the term loan for a three month period would be $0.1 million.

(4) Reflects the elimination of interest income earned on cash and cash equivalents held by the James Hardie Businesses which are to be retained by JHIL.

<PAGE>

(5) Reflects the impact of additional taxes resulting from the following adjustments referred to above, as follows:

<TABLE>
<CAPTION>

	GROSS ($ MILLIONS)	APPLICABLE INCOME TAX ($ MILLIONS)
<S>	<C>	<C>
Depreciation on retained property.....	$ 0.2	$ --
Rental expense.....	(0.8)	0.3
Interest expense.....	7.3	(2.7)
Interest income.....	(3.4)	1.2
		$(1.2)

</TABLE>

(6) Assumes that the term loan has been drawn down in Australia and the Notes have been issued in The Netherlands. The tax expense has been calculated as follows:

<TABLE>
<CAPTION>

	PRINCIPAL ($ MILLIONS)	INTEREST ($ MILLIONS)	TAX RATE	TAX DEDUCTION ($ MILLIONS)
<S>	<C>	<C>	<C>	<C>
NOTES.....	$ 225.0	$ 4.0	15%	$ 0.6
TERM LOAN.....	115.0	1.7	36%	0.6
		$ 5.7		$ 1.2

</TABLE>

(7) Reflects the deferred tax (expense) benefit of the intercompany debt arrangements of $877.0 million created in connection with the Reorganization, with the Finance Subsidiary assumed to be advancing to its subsidiaries in the United States, Australia and New Zealand, $747.0 million, $97.0 million and $33.0 million, respectively. The adjustment has been calculated as follows assuming an interest rate of 7.5% on intercompany debt:

<TABLE>
<CAPTION>

	PRINCIPAL ($ MILLIONS)	INTEREST ($ MILLIONS)	TAX RATE	DEFERRED TAX (EXPENSE) BENEFIT ($ MILLIONS)
<S>	<C>	<C>	<C>	<C>
Interest income				
The Netherlands.....	$ 877.0	$ 16.4	15%	$ (2.4)
Interest expense				
United States.....	747.0	13.9	40%	5.6
Australia.....	97.0	1.8	36%	0.6
New Zealand.....	33.0	0.6	33%	0.2
	$ 877.0			$ 4.0

</TABLE>

The actual amount of the intercompany debt at the date of the Reorganization will vary from that noted above due to foreign exchange movements and other movements on intercompany account balances.

The tax impact of the Debt Financing represents certain tax benefits that the Company expects to realize as a result of the new intercompany debt financing between the Finance Subsidiary and the Company's U.S. subsidiary. In calculating this amount, the following income tax rates have been assumed:

<TABLE>

<S>	<C>
United States (anticipated federal and state taxes)...	40%
Australia.....	36%
New Zealand.....	33%
The Netherlands (Financial Risk Reserve Regime).....	15%

</TABLE>

This calculation assumes that current tax laws of all relevant jurisdictions were in effect during the three months ended June 30, 1998, and that any tax rulings which relevant companies have obtained in connection with the Reorganization were also applicable and in effect during such quarter.

The calculation further assumes that interest payable by the U.S. subsidiary to the Finance Subsidiary will be taxed in The Netherlands at a 15% rate pursuant to a ruling issued by the Dutch tax authorities

applicable until 2008 based on certain conditions, including that all of the group's treasury activities are conducted exclusively from The Netherlands.

The calculation also assumes that the intercompany debt was in place throughout the three months ended June 30, 1998, and further assumes that (i) interest payments were fully deductible by the U.S. subsidiary in fiscal year 1999, and (ii) that such payments were not subject to U.S. withholding tax pursuant to the US-NL Treaty.

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Interest paid by the U.S. subsidiary to the Finance Subsidiary should be currently deductible for U.S. tax purposes in any year provided that such interest is actually paid in that year and provided that the U.S. subsidiary has sufficient earnings to avoid limitations on the deductibility of interest resulting from the application of the U.S. "earnings stripping" rules. The Company does not anticipate that the U.S. subsidiary will make interest payments with respect to the related parry debt during fiscal year 1999 or fiscal year 2000. Accordingly, no current U.S. tax deduction will be available for such years, although the associated tax benefit will be treated as realized currently for financial accounting purposes as the Company expects to ultimately realize the tax benefit from such years in the future.

Interest paid by the U.S. subsidiary to the Finance Subsidiary would likely not be subject to the US-NL Treaty and would be subject to a 30% U.S. withholding tax in any year unless, among other conditions of eligibility for benefits, the aggregate number of shares of Common Stock traded on the applicable stock exchange during the previous taxable year is at least 6% of the average number of shares outstanding during that previous taxable year, in which case, 0% withholding tax would apply under the US-NL Treaty. See "Risk Factors -- Tax Risks on Intercompany Interest Payments."

Deductions in Australia and New Zealand for interest paid to the Finance Subsidiary are subject to thin capitalization rules, which disallow interest on related party loans in excess of a prescribed multiple of the equity of the borrower. Withholding tax in Australia and New Zealand of 10% on interest paid to the Finance Subsidiary will be available as a credit against Dutch tax payable by the Finance Subsidiary, subject to certain limitations.

(8) Selling, general and administrative expenses include the current head office expenses of the James Hardie Businesses. Management estimates that head office expenses applicable to the Company would not vary significantly from the current level of head office expenses incurred by the James Hardie Businesses.

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EXHIBIT 2.4

ASSIGNMENT AND ASSUMPTION AGREEMENT AND
FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT

This Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement (the "Agreement") is made and entered into as of this 24th day of January, 2000, by and among JAMES HARDIE FINANCE B.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands ("Assignor"), JAMES HARDIE U.S. FUNDING, INC., a Nevada corporation ("Assignee"), JAMES HARDIE N.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the "Guarantor"), JAMES HARDIE AUST. INVESTCO PTY. LIMITED, a company organized under the laws of Australia (the "First Subsidiary Guarantor") and the holders of notes listed on the signature pages hereof under the heading "Noteholders" (each a "Noteholder" and, collectively, the "Noteholders") with reference to the following facts. Capitalized terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement (defined below).

A. Assignor presently has obligations under Guaranteed Senior Notes (the "Notes") in the aggregate principal amount of $225,000,000 issued to the purchasers under those certain Note Purchase Agreements with Assignor as Issuer and the Guarantor, as Guarantor, each dated as of November 5, 1998 (collectively, the "Purchase Agreement").

B. Assignor hereby desires to assign and Assignee hereby desires to assume Assignor's obligations under the Notes and the Purchase Agreement.

C. This Agreement is required under Section 24.8(A)(1)(ii) of the Purchase Agreement as a condition precedent to the assignment and assumption of Assignor's obligations under the Purchase Agreement and under Section 19 of the Purchase Agreement as a form of written consent to the amendment of certain provisions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor, Assignee, Guarantor, the First Subsidiary Guarantor and the undersigned Noteholders agree as follows:

1. WAIVER OF NOTICE The 30-day notice requirement set forth in Section 24.8(A)(1)(i) of the Purchase Agreement is waived for purposes of the assumption described in Section 2 below. The effective date of this Agreement shall be the date of satisfaction of the conditions set forth in Section 17 below (the "Effective Date").

2. ASSUMPTION OF OBLIGATIONS BY ASSIGNEE. As of the Effective Date, pursuant to Section 24.8 of the Purchase Agreement: (a) Assignor irrevocably and unconditionally assigns and Assignee irrevocably and unconditionally assumes and agrees to pay and perform the obligations of the Assignor for the due and punctual payment of the principal of and Make-Whole Amount (if any) and interest on the Notes and the performance of each and

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every other covenant and obligation of the Issuer under the Purchase Agreement and the Notes, whether such obligations are incurred before, on or after the Effective Date; (b) Assignor shall no longer be deemed to be the "Issuer" (or an "Obligor") under the Purchase Agreement and shall be released from all of its obligations thereunder; and (c) Assignee shall be deemed to be the "Issuer" (and an "Obligor") under the Purchase Agreement and shall enjoy all of the rights and benefits of the "Issuer" (and an "Obligor") under the Purchase Agreement. At any time on or after the Effective Time, any Noteholder may tender to the Assignee its Note in exchange for a substitute note payable by the Assignee, but the foregoing assumption by the Assignee of the Purchase Agreement and the Notes shall be fully effective regardless of whether any such tender and exchange occurs.

3. AMENDMENT TO SECTION 9.8. Section 9.8 of the Purchase Agreement shall be completely replaced by a new Section 9.8, which shall read in full as follows:

9.8. OWNERSHIP OF ISSUER AND SUBSIDIARY GUARANTORS; ACTIVITIES.

Subject only to the provisions of Section 10.2(i), the Guarantor will at all times maintain the Issuer, the First Subsidiary Guarantor and the Second Subsidiary Guarantor as Wholly-Owned Subsidiaries of the Guarantor, and the capital stock of, and any other ownership interests in, the Issuer, the First Subsidiary Guarantor and the Second Subsidiary Guarantor will at all times remain free of any Lien.

4. CONSENT UNDER SECTION 10.2. The Required Holders consent to the transfer of A$850,000,000 of preferred stock issued by a new Subsidiary of the Guarantor incorporated in the United States from a Subsidiary incorporated in the United States that owns all of the outstanding stock of the Issuer to an Australian Subsidiary of the Second Subsidiary Guarantor in consideration of an A$850,000,000 note payable by such Australian Subsidiary to such United States Subsidiary.

5. AMENDMENT TO SECTION 10.3. Section 10.3 of the Purchase Agreement shall be amended to delete existing subsection (f) and to replace it with a new subsection (f), which shall read in full as follows:

(f) Liens on property or assets of the Guarantor or any of its Subsidiaries securing Debt owing to the Guarantor or to any of its Wholly-Owned Subsidiaries (other than the First Subsidiary Guarantor or the Second Subsidiary Guarantor);

6. AMENDMENT TO SECTION 10.8. Section 10.8 of the Purchase Agreement shall be completely replaced by a new Section 10.8, which shall read in full as follows:

10.8. RESTRICTIONS ON DIVIDENDS BY SUBSIDIARIES.

Except for provisions in this Agreement, the Other Agreements and the Bank Credit Agreements as in effect on the date hereof, and except for provisions comparable to (and not more restrictive or extensive in any material respect than)

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those provisions that may be included in other agreements evidencing Funded Debt permitted under Sections 10.4 and 10.5 hereof and as may be required by law, the Guarantor will not, and will not permit any Subsidiary to, enter into any agreement that would restrict any Subsidiary's ability or right to pay dividends to, or make advances to or investments in, the Guarantor (or if any such Subsidiary is not directly owned by Guarantor, the "parent" Subsidiary of such Subsidiary).

7. AMENDMENT TO SECTION 13. Section 13 of the Purchase Agreement shall be amended to delete existing subsection (1) and to replace it with a new subsection (1), which shall read in full as follows:

(1) any Subsidiary Guarantee shall at any time, for any reason, cease to be in full force and effect or shall be declared to be null and void in whole or in any material part by the final judgment (which is non-appealable or has not been stayed pending appeal or as to which all rights to appeal have expired or been exhausted) of any Governmental Authority having jurisdiction, or the validity or enforceability of any Subsidiary Guarantee shall be contested by or on behalf of the Guarantor or any of its Subsidiaries, or the Guarantor or any such Subsidiary shall renounce a Subsidiary Guarantee or deny that the First Subsidiary Guarantor or the Second Subsidiary Guarantor, as the case may be, is bound thereby or has any further liability thereunder.

8. AMENDMENT TO SECTION 15.1. The first sentence of Section 15.1 is amended to read in full as follows:

The Issuer shall keep at its executive office in Australia and its principal executive office in the United States a register for the registration and registration of transfers of Notes. As of the date hereof such offices are located, respectively, as follows:

c/o James Hardie Australia Finance Pty Ltd. 65 York Street Sydney NSW 2000 Australia Attention: Treasurer	and	26300 La Alameda Suite 100 Mission Viejo, CA 92691

9. AMENDMENT TO SCHEDULE B. Schedule B of the Purchase Agreement is amended to add new definitions of the terms set forth below, which shall read in full as follows (and shall replace the definitions of any of the same terms in the Purchase Agreement):

"AUSTRALIAN BANK LOAN AGREEMENTS" has the meaning set forth in the definition of "Bank Credit Agreements."

"BANK CREDIT AGREEMENTS" means (i) the four separate Revolving Loan Agreements, each dated on or about November 5, 1998 (together with any related agreements and instruments, the "Australian Bank Loan Agreements"), between the

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Second Subsidiary Guarantor as successor to the First Subsidiary Guarantor as borrower), the Issuer (as successor to James Hardie Finance B.V.), the First Subsidiary Guarantor and the Guarantor (as guarantors) and, respectively, ANZ Banking Group, Wachovia Bank, Banque Nationale de Paris and Westdeutsche Landesbank Girozentraie (the "Bank Lenders") under which the Second Subsidiary Guarantor may borrow up to an aggregate of A$200,000,000 (A$ referring to Australian dollars) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders, and (ii) the six separate Standby Loan Agreements, each dated on or about November 5, 1998, or, in the case of Westdeutsche Landesbank Girozentrale, on or about the date hereof (together with any related agreements and instruments, the "Standby Facilities"), between the Second Subsidiary Guarantor as successor to James Hardie Finance B.V. (as borrower), the Guarantor, the Issuer and the First Subsidiary Guarantor as successors to the First Subsidiary Guarantor (as guarantors) and, respectively, each of the Bank Lenders, The First National Bank of Chicago and BBL Australia Limited under which the Second Subsidiary Guarantor may borrow up to an aggregate of $100,000,000 (or the equivalent in Australian currency) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders.

"FIRST SUBSIDIARY GUARANTOR" means James Hardie Aust. Investco Pty Limited, a company organized under the laws of Australia and its permitted successors under the Subsidiary Guarantee.

"ISSUER" means James Hardie U.S. Funding Inc., a company incorporated under the laws of the State of Nevada, and its permitted successors hereunder.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Guarantor and its Subsidiaries taken as a whole, or (b) the ability of the Issuer or the Guarantor to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes, or (d) the ability of the First Subsidiary Guarantor or the Second Subsidiary Guarantor to perform its obligations under its Subsidiary Guarantee, or (e) the validity or enforceability of either Subsidiary Guarantee.

"NOTES" is defined in Section 1 and includes any substitute notes issued under Section 2 of the Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement dated as of January 24, 2000.

"PRIORITY DEBT" means (a) all Debt of the Guarantor and the Subsidiaries secured by any Lien with respect to any property owned by the Guarantor or any of its Subsidiaries and (b) all unsecured Debt of Subsidiaries, except Debt owed to the Guarantor or a Wholly-Owned Subsidiary, Debt of the First Subsidiary Guarantor or the Second Subsidiary Guarantor and Debt of the Issuer, the First Subsidiary Guarantor or the Second Subsidiary Guarantor under this Agreement, the Notes, the

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Subsidiary Guarantees, the Bank Credit Agreements (and Guarantys thereof) and the Standby Facilities (and Guaranty's thereof).

"SECOND SUBSIDIARY GUARANTOR" means James Hardie Australia Finance Pty. Limited, a company organized under the laws of Australia, and its permitted successors under the Subsidiary Guarantee.

"STANDBY FACILITIES" has the meaning set forth in the definition of "Bank Credit Agreements."

"SUBSIDIARY GUARANTEE" means each of the Subsidiary Guarantees executed and delivered by the First Subsidiary Guarantor and the Subsidiary Guarantee executed and delivered by the Second Subsidiary Guarantor, each substantially in the form of Exhibit 4.10 hereto.

10. STATUS OF PURCHASE AGREEMENT. The provisions of the Purchase Agreement are in full force and effect and shall remain unchanged, except as provided by this Agreement.

11. INCONSISTENCIES. In the event of any inconsistency between the provisions of this Agreement and any provision in the Purchase Agreement, the terms and provisions of this Agreement shall govern.

12. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

13. SEVERABILITY. If any paragraph, clause or provision of this Agreement is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall not affect the remaining paragraphs, clauses or provisions of this Agreement.

14. BINDING ON SUCCESSORS AND ASSIGNS. This Agreement applies to, inures to the benefit of, and binds the Assignor, Assignee, the Noteholders and their respective heirs, legatees, devisees, administrators, executors, successors and assigns.

15. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Any party hereto may execute and deliver a counterpart of this Agreement by delivering by facsimile transmission a signature page of this Agreement signed by such party and such facsimile signature shall be treated in all respects as having the same effect as an original signature.

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16. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNEE. The Assignee and the Guarantor jointly and severally represent and warrant to the Noteholders that:

16.1. ORGANIZATION; POWER AND AUTHORITY. The Assignee is a corporation duly incorporated and validly existing under the laws of the State of Nevada, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Assignee has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and to perform the provisions hereof. The Second Subsidiary Guarantor is a corporation duly incorporated and validly existing under the laws of Australia and has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver its Subsidiary Guarantee and to perform the provisions thereof.

16.2. AUTHORIZATION, ETC. This Agreement has been duly authorized by all necessary corporate action on the part of the Assignee, and this Agreement constitutes a legal, valid and binding obligation of the Assignee enforceable against the Assignee in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Subsidiary Guarantee has been duly authorized by all necessary corporate action on the part of the Second Subsidiary Guarantor, and such Subsidiary Guarantee constitutes a legal, valid and binding obligation of the Second Subsidiary Guarantor enforceable against the Second Subsidiary Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

16.3. ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES

(a) Schedule 16.3 contains complete and correct lists of the Guarantor's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization or incorporation, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Guarantor and each other Subsidiary.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 16.3 as being owned by the Guarantor and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Guarantor or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 16.3).

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(c) Each of the Issuer, the Guarantor, the First Subsidiary Guarantor and the Second Subsidiary Guarantor is a corporation or other legal entity duly organized or incorporated, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Issuer, the Guarantor, the First Subsidiary Guarantor and the Second Subsidiary Guarantor has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than restrictions permitted by Section 10.8 of the Purchase Agreement and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Guarantor or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

16.4. COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC. The execution, delivery and performance by the Assignee of this Agreement, the performance by the Assignee of the Purchase Agreement and the Notes and the execution, delivery and performance by the Second Subsidiary Guarantor of the Subsidiary Guarantee will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Guarantor, the Assignee or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Guarantor, the Assignee or any Subsidiary is bound or by which the Guarantor, the Assignee or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Guarantor, the Assignee or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Guarantor, the Assignee or any Subsidiary.

16.5. GOVERNMENTAL AUTHORIZATIONS, ETC. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Assignee of this Agreement or by the Second Subsidiary Guarantor of the Subsidiary Guarantee.

16.6. LITIGATION. Schedule 16.6 sets forth a reasonably detailed description of all material litigation and other proceedings involving or affecting the Guarantor and its Subsidiaries.

16.7. EXISTING DEBT. Except as described therein, Schedule 16.7 sets forth a complete and correct list of all outstanding Debt of the Obligors and the Subsidiaries as of

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December 31, 1999, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Obligors or the Subsidiaries. Neither the Obligors nor any Subsidiary are in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any such Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

16.8. YEAR 2000. With respect to the Guarantor and its Subsidiaries, (a) a review and assessment has been initiated of all areas within the Guarantor's and its Subsidiaries' business and operations (including those affected by suppliers, vendors and customers) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by the Guarantor or any of its Subsidiaries (or suppliers, vendors and customers) may be unable to recognize and properly perform date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (b) a plan and timetable has been developed for addressing the Year 2000 Problem on a timely basis, and (c) to date, that plan has been implemented in accordance with that timetable. Any reprogramming required to avoid a Year 2000 Problem has been substantially completed, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The cost to the Guarantor and its Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of the Year 2000 Problem to the Guarantor and its Subsidiaries (including reprogramming errors and the failure of others' systems or equipment) will not result in a Default or a Material Adverse Effect. Except for such reprogramming referred to in the preceding sentence as may be necessary, the computer and management information systems of the Guarantor and its Subsidiaries are and, with ordinary course upgrading and maintenance, will continue through the final maturity date of the Notes to be sufficient to permit the Guarantor and its Subsidiaries to conduct their respective businesses without a Material Adverse Effect.

16.9. DISCLOSURE. In connection with its request to the Noteholders to execute this Agreement, the Guarantor, through its agent, Warburg Dillon Read LLC, has delivered to the Noteholders certain information ("TRANSACTION INFORMATION") with respect to the Guarantor's realignment of its debt financing arrangements and the restructuring of inter-corporate relationships among its various Subsidiaries in order to be more tax effective (which realignment and restructuring include the assumption of the Notes by the Assignee hereunder, and which are herein collectively called the "REORGANIZATION"). The Transaction Information is true, correct and fairly describes, in all material respects, the Reorganization and the expected effects and benefits thereof in relation to the Guarantor and its Subsidiaries taken as a whole. Since September 30,1999 (and after giving effect to the transactions contemplated by this Agreement), there has been no change in the financial condition, operations, business, properties or prospects of any Obligor or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to any Obligor that could reasonably be expected to

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have a Material Adverse Effect that has not been set forth herein or in the Transaction Information.

17. CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement shall be subject to the satisfaction of each of the following conditions precedent:

17.1 EXECUTED AGREEMENT. Assignor shall have received an executed counterpart of this Agreement by the Required Holders.

17.2 SECOND SUBSIDIARY GUARANTY. The Second Subsidiary Guarantor shall have delivered to each Noteholder a Subsidiary Guarantee substantially in the same form as the Subsidiary Guarantee provided by the First Subsidiary Guarantor.

17.3 OPINIONS OF COUNSEL. Noteholders shall have received (i) an opinion of Gibson, Dunn & Crutcher LLP, in customary form and subject only to customary qualifications, addressed to each Noteholder, to the effect that the Notes and the Purchase Agreement (as amended) are legal, valid and binding agreements of the Assignee enforceable in accordance with their terms, (ii) an opinion of McDonald Carano Wilson McCune Bergin Frankovich & Hicks LLP, in customary form and subject only to customary qualifications, addressed to each Noteholder, to the effect that the Assignee is a duly existing corporation organized and in good standing under the laws of the State of Nevada and that this Agreement has been duly authorized, executed and delivered by the Assignee, (iii) an opinion of Allen, Allen & Helmsley as to the Guaranty provided by the Second Subsidiary Guarantor comparable to the opinion of such firm delivered in respect of the Guaranty provided by the First Subsidiary Guarantor at the closing under the Purchase Agreement and as to the due authorization, execution and delivery of this Agreement by the First Subsidiary Guarantor, (iv) an opinion of De Brauw Blackstone Westbroek P.C. as to the due authorization, execution and delivery of this Agreement by the Guarantor and the Assignor and (v) an opinion of Willkie Farr & Gallagher, in customary form and subject only to customary qualifications, addressed to each Noteholder, that the Notes and the Purchase Agreement (as amended) are legal, valid and binding agreements of the Assignee enforceable in accordance with their terms.

17.4 REPRESENTATIONS AND WARRANTIES; NO DEFAULT. On the Effective Date, after giving effect to the amendment of the Purchase Agreement contemplated hereby:

(a) the representations and warranties contained in Section 16 hereof and the representations and warranties contained in Section 5.8(a), 5.8(b), 5.9, 5.10, 5.11, 5.12, 5.17 and 5.18 of the Purchase Agreement shall be true and correct on and as of the Effective Date as though made on and as of such date; and

(b) no Default or Event of Default shall have occurred and be continuing.

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17.5 COMPLIANCE CERTIFICATES.

(a) OFFICER'S CERTIFICATE. Assignee shall deliver to each Noteholder an Officer's Certificate, dated as of the Effective Date, certifying that the condition specified in Section 17.4 of this Section have been fulfilled.

(b) SECRETARY'S CERTIFICATE. Assignee shall have delivered to each Noteholder a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement and the incumbency and authority of persons executing this Agreement.

17.6 EVIDENCE OF CONSENT TO RECEIVE SERVICE OF PROCESS. Each Noteholder shall have received, in form and substance reasonably satisfactory to such Noteholder, evidence of the consent of CT Corporation System in New York, New York to the appointment and designation provided for by Section 24.6 of the Purchase Agreement (and the payment of all fees related thereto).

17.8 PROCEEDINGS AND DOCUMENTS. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all the documents and instruments incident to such transactions shall be satisfactory to each Noteholder and its special counsel, and such Noteholder and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as it or they may reasonably request.

18. CONSENT AND CONFIRMATION BY GUARANTORS. The Guarantor and the First Subsidiary Guarantor expressly consent to this Agreement and confirm that their respective Guarantys of the Notes and the Purchase Agreement, as amended, remain in full force and effect.

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IN WITNESS WHEREOF, Assignor, Assignee, the Guarantor, the First Subsidiary Guarantor and the respective Noteholders listed on the attached signature pages hereof have executed this Agreement effective as of the day and year first above written.

ASSIGNOR:

JAMES HARDIE FINANCE B.V.,
a company incorporated under the laws of the Netherlands

By: /s/ PHILLIP MORLEY

Its: ATTORNEY-IN-FACT

ASSIGNEE:

JAMES HARDIE U.S. FUNDING, INC.,
a Nevada corporation

By: /s/ PHILLIP MORLEY

Its: TREASURER

GUARANTOR:

JAMES HARDIE N.V.,
a company incorporated under the laws of Netherlands

By: /s/ PHILLIP MORLEY

Its: MANAGING DIRECTOR

FIRST SUBSIDIARY GUARANTOR:

JAMES HARDIE AUST. INVESTCO PTY. LIMITED,
a company organized under the laws of Australia

By: /s/ PHILLIP MORLEY

Its: ATTORNEY-IN-FACT

NOTEHOLDERS: [SEE ATTACHED PAGES]

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ MARIE FIORAMONTI

Name: MARIE FIORAMONTI
Its: VICE PRESIDENT

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

CONNECTICUT GENERAL LIFE INSURANCE COMPANY (CIG & CO.)

By: CIGNA Investments, Inc.

By: /s/ Edward E. Ohannessian

Name: EDWARD E. OHANNESSIAN
Its: VICE PRESIDENT

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

CONNECTICUT GENERAL LIFE INSURANCE COMPANY ON
BEHALF OF ONE OR MORE SEPARATE ACCOUNTS (CIG & CO.)

By: CIGNA Investments, Inc.

By: /s/ Edward E. Ohannessian

Name: EDWARD E. OHANNESSIAN
Its: VICE PRESIDENT

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

LIFE INSURANCE COMPANY OF NORTH AMERICA (CIG & CO.)

By: CIGNA Investments, Inc.

By: /s/ Edward E. Ohannessian

Name: EDWARD E. OHANNESSIAN
Its: VICE PRESIDENT

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Claudia Cromie

Name: Claudia Cromie
Its: DIRECTOR

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

TEXAS LIFE INSURANCE COMPANY

By: /s/ Stuart L. Ashton

Name: STUART L. ASHTON
Its: AUTHORIZED SIGNATORY

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation

BY: Principal Capital Management, LLC
a Delaware limited liability company,
its authorized signatory

By: /s/ Jon C. Keiny, Counsel

Its: JON C. KEINY, Counsel

By: /s/ [ILLEGIBLE]

Its: /s/ [ILLEGIBLE]

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

USAA LIFE INSURANCE COMPANY (SALKED & CO.)

By: /s/ Thomas Ramos

Name: Thomas Ramos
Its: Vice President - Insurance Company Portfolios

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

THE PAUL REVERE LIFE INSURANCE COMPANY (CUDD & CO.)

By: _____
Name: _____
Its: _____

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA (CUDD & CO.)

By: /s/ Thomas M. Donohue

Name: THOMAS M. DONOHUE
Its: VICE PRESIDENT, FIXED INCOME

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: David L. Babson and Company as Investment Adviser

By: /s/ Richard C. Morrison

Name: Richard C. Morrison
Its: Managing Director

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

C.M. LIFE INSURANCE COMPANY
By: David L. Babson and Company as Investment Subadviser

By: /s/ Richard C. Morrison

Name: Richard C. Morrison
Its: Managing Director

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

AMERICAN INVESTORS LIFE INSURANCE COMPANY (SALKELD & CO.)

By: /s/ Roger D. Fors

Name: Roger D. Fors
Its: VP-Investment Management & Research

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

OHIO NATIONAL LIFE ASSURANCE CORPORATION

By: /s/ Christopher A. Carlson

Name: Christopher A. Carlson
Its: Vice President, Senior Investment Officer

<PAGE>

SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

STATE FARM LIFE INSURANCE COMPANY

By: _____
Name: _____
Its: _____

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SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION AGREEMENT AND FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF JANUARY 24, 2000

AMERITAS LIFE INSURANCE CORP.

By: _____
Name: _____
Its: _____

<PAGE>

SCHEDULE 16.3 LIST OF GUARANTOR'S SUBSIDIARIES AT 31/12/99

<TABLE>
<CAPTION>

	COUNTRY OF INCORPORATION	% OWNED BY JAMES HARDIE NV AND SUBSIDIARIES
<S>	<C>	<C>
James Hardie N.V.	Netherlands	100
James Hardie Finance B.V.	Netherlands	100
James Hardie Australia Finance Pty Ltd	Australia	100
James Hardie NSW Investments Pty Ltd	Australia	100
James Hardie FCTA Pty Ltd	Australia	100
James Hardie Philippines Inc	Philippines	100
PT James Hardie Indonesia	Indonesia	100
James Hardie International Holdings B.V.	Netherlands	100
James Hardie Research (Holdings) Pty Ltd	Australia	100
James Hardie Research Pty Ltd	Australia	100
James Hardie Tech Pty Ltd	Australia	100
James Hardie USA Investments B.V.	Netherlands	100
James Hardie (Holdings) Inc	USA	100
James Hardie (USA) Inc	USA	100
James Hardie Building Products Inc	USA	100
James Hardie Credit Corp	USA	100
James Hardie Gypsum Inc	USA	100
James Hardie Inc	USA	100
James Hardie US Funding Inc	USA	100
James Hardie US Investments Inc	USA	100
James Hardie US Investments Sierra Inc	USA	100
James Hardie US Investments Washoe Inc	USA	100
James Hardie NZ Trustee Ltd	NZ	100
James Hardie NZ Investco Trust	NZ Trust	100
James Hardie NZ Holdings Trust	NZ Trust	100
James Hardie New Zealand Ltd	NZ	100
James Hardie Aust Holdings Pty Ltd	Australia	100
James Hardie Aust Investco Pty Ltd	Australia	100
James Hardie Aust Investco Services Pty Ltd	Australia	100
James Hardie Aust Investments No 1 Pty Ltd	Australia	100
James Hardie Australia Management Pty Ltd	Australia	100
James Hardie Australia Pty Ltd	Australia	100
James Hardie Fibre Cement Pty Ltd	Australia	100
James Hardie FC Pty Ltd	Australia	100
James Hardie Windows (Holdings) Pty Ltd	Australia	100
James Hardie Windows Pty Ltd	Australia	100
Louvre Properties Pty Ltd	Australia	100

</TABLE>

<PAGE>

SCHEDULE 16.7 OUTSTANDING DEBT OF THE OBLIGORS AND THE SUBSIDIARIES

1. JAMES HARDIE FINANCE B.V.
Guaranteed Senior Notes USD 225 million

2. JAMES HARDIE AUST. INVESTCO PTY LIMITED
Revolving Loan Facility

<TABLE>
<CAPTION>

LENDER	COMMITTED AMOUNT AUD MILLION	DRAWN AMOUNT AT 31 DECEMBER 1999 AUD MILLION
<S>	<C>	<C>
Australia & New Zealand Banking Group Limited Level 7, 20 Martin Place Sydney NSW 2000	90.0	90.0
Banque Nationale de Paris 60 Castlereagh Street Sydney NSW 2000	40.0	0
Westdeutsche Landesbank Girozentrale Sydney Branch Level 29, 60 Margaret Street Sydney NSW 2000	40.0	40.0
Wachovia Bank NA 191 Peachtree Street NE Atlanta, Georgia 30303 USA	30.0	30.0
TOTAL	200.0	160.0

</TABLE>

<PAGE>

3. JAMES HARDIE FINANCE B.V.
Standby Facility

<TABLE>
<CAPTION>

LENDER	COMMITTED AMOUNT USD MILLION	DRAWN AMOUNT USD MILLION
<S>	<C>	<C>
Australia & New Zealand Banking Group Limited Level 7, 20 Martin Place Sydney NSW 2000	20.0	0
Banque Nationale de Paris 60 Castlereagh Street Sydney NSW 2000	15.0	0
Wachovia Bank NA 191 Peachtree Street NE Atlanta, Georgia 30303 USA	10.0	0
Bank One NA Level 32, 60 Margaret Street Sydney NSW 2000	20.0	19.7 (AUD 30 million)
BBL Australia. Ltd Level 2, 347 Kent Street Sydney NSW 2000	20.0	10.0
TOTAL	85.0	29.7

</TABLE>

4. JAMES HARDIE AUSTRALIA FINANCE PTY LTD
Standby Facility

<TABLE>
<CAPTION>

LENDER	COMMITTED AMOUNT USD MILLION	DRAWN AMOUNT USD MILLION
<S>	<C>	<C>
Westdeutsche Landesbank Girozentrale * Sydney Branch Level 29, 60 Margaret Street Sydney NSW 2000	15.0	0
Wells Fargo HSBC Trade Bank NA ** 333 South Grand Avenue Los Angeles CA 90071 USA	15.0	0
TOTAL	30.0	0

</TABLE>

* Loan agreement signed January 2000 - awaiting completion of conditions precedent

** Loan Agreement being negotiated - not yet signed

<PAGE>

SCHEDULE 16.6 LEGAL PROCEEDINGS

The Company and its subsidiaries (collectively the "Group") are involved from time to time in various legal proceedings and administrative actions incident to the normal conduct of the Group's business. Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on its business, financial condition or results of operations.
</TEXT>
</DOCUMENT>

<DOCUMENT>
<TYPE>EX-2.5
<FILENAME>a09561exv2w5.txt
<DESCRIPTION>EXHIBIT 2.5
<TEXT>

<PAGE>

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EXHIBIT 2.5

II. SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT, DATED OCTOBER 22, 2001

<TABLE>
<S> <C>

Second Amendment to Note Purchase Agreement by and among James Hardie U.S. Funding, Inc. (the "Issuer"), James Hardie N.V. (the "Guarantor"), James Hardie Aust. Investco Pty. Limited (the "First Subsidiary Guarantor"), James Hardie Australia Finance Pty. Limited (the "Second Subsidiary Guarantor"), James Hardie International Finance B.V. (the "Third Subsidiary Guarantor") and the Noteholders..... 15

Guaranty, by James Hardie International Finance B.V., in favor of the Noteholders..... 16

Secretary's Certificate of James Hardie U.S. Funding, Inc..... 17

(a) Resolutions of the Board of Directors (attached as Exhibit A)

Officer's Certificate of James Hardie U.S. Funding, Inc..... 18

Opinion of Gibson, Dunn & Crutcher LLP to the Noteholders..... 19

Opinion of Allen Allen & Hemsley to the Noteholders..... 20

Opinion of DeBrauw Blackstone Westbroek P.C. to the Noteholders..... 21

Opinion of Willkie Farr & Gallagher to the Noteholders..... 22

Good Standing Certificate of James Hardie U.S. Funding, Inc..... 23

Evidence of Consent to Receive Service of Process pursuant to Section 4.12 of the Note Purchase Agreement..... 24
</TABLE>

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SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

This Second Amendment to Note Purchase Agreement (the "Agreement") is made and entered into as of this 22nd day of October, 2001, by and among JAMES HARDIE U.S. FUNDING, INC., a Nevada corporation ("Issuer"), JAMES HARDIE N.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the "Guarantor"), JAMES HARDIE AUST. INVESTCO PTY. LIMITED, a company organized under the laws of Australia (the "First Subsidiary Guarantor"), JAMES HARDIE AUSTRALIA FINANCE PTY. LIMITED, a company organized under the laws of Australia (the "Second Subsidiary Guarantor"), JAMES HARDIE INTERNATIONAL FINANCE B.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the "Third Subsidiary Guarantor"), and the holders of notes listed on the signature pages hereof under the heading "Noteholders" (each a "Noteholder" and, collectively, the "Noteholders") with reference to the following facts. Capitalized terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement (defined below).

A. Issuer presently has obligations under Guaranteed Senior Notes (the "Notes") in the aggregate principal amount of $225,000,000 issued to the purchasers under those certain Note Purchase Agreements with Issuer and the Guarantor, each dated as of November 5, 1998, as amended by that certain Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement dated as of January 24, 2000 (collectively, the "Purchase Agreement").

B. In connection with the establishment of a Dutch finance scheme (the "Finance Scheme"), the Second Subsidiary Guarantor is being replaced as the principal borrowing entity of the James Hardie family of companies by the Third Subsidiary Guarantor. The Issuer wishes to cause the Third Subsidiary Guarantor to become a guarantor of the Notes and to amend the Note Purchase Agreement (i) to add borrowings by the Third Subsidiary Guarantor as exclusions under the definition of "Priority Debt" in the Note Purchase Agreement and (ii) to clarify the applicability of certain other sections to the Third Subsidiary Guarantor.

C. This Agreement is required under Section 19 of the Purchase Agreement as a form of written consent to the amendment of certain provisions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Issuer, Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor, the Third Subsidiary Guarantor and the undersigned Noteholders agree as follows:

1. EFFECTIVE DATE The effective date of this Agreement shall be the date of satisfaction of the conditions set forth in Section 15 below (the "Effective Date").

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2. AMENDMENT TO SECTION 7.2(a). Section 7.2(a) of the Purchase Agreement shall be completely replaced by a new Section 7.2(a), which shall read in full as follows:

(a) Covenant Compliance - (i) the information (including detailed calculations) required in order to establish whether the Obligors were in compliance with the requirements of Sections 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence) and (ii) with respect only to financial statements delivered pursuant to Section 7.1(b), the information (including detailed calculations) required in order to establish whether the Obligors were in compliance with the requirements of Section 10.9 during the annual period covered by the statements then being furnished; and

3. AMENDMENT TO SECTION 9.8. Section 9.8 of the Purchase Agreement shall be completely replaced by a new Section 9.8, which shall read in full as follows:

9.8. OWNERSHIP OF ISSUER AND SUBSIDIARY GUARANTORS; ACTIVITIES.

Subject only to the provisions of Section 10.2(i), the Guarantor will at all times maintain the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor as Wholly-Owned Subsidiaries of the Guarantor, and the capital stock of, and any other ownership interests in, the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor will at all times remain free of any Lien.

4. AMENDMENT TO SECTION 10.3. Section 10.3 of the Purchase Agreement shall be amended to delete existing subsection (f) and to replace it with a new subsection (f), which shall read in full as follows:

(f) Liens on property or assets of the Guarantor or any of its Subsidiaries securing Debt owing to the Guarantor or to any of its Wholly-Owned Subsidiaries (other than the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor);

5. ADDITION OF SECTION 10.9. A new Section 10.9 is hereby added to the Purchase Agreement as follows:

10.9 INTEREST COVERAGE

EBIT will not be less than twice Net Interest Charges in any year ending 31 March.

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6. AMENDMENT TO SECTION 13. Section 13 of the Purchase Agreement shall be amended to delete existing subsection (1) and to replace it with a new subsection (1), which shall read in full as follows:

(1) any Subsidiary Guarantee shall at any time, for any reason, cease to be in full force and effect or shall be declared to be null and void in whole or in any material part by the final judgment (which is non-appealable or has not been stayed pending appeal or as to which all rights to appeal have expired or been exhausted) of any Governmental Authority having jurisdiction, or the validity or enforceability of any Subsidiary Guarantee shall be contested by or on behalf of the Guarantor or any of its Subsidiaries, or the Guarantor or any such Subsidiary shall renounce a Subsidiary Guarantee or deny that the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor, as the case may be, is bound thereby or has any further liability thereunder.

7. AMENDMENT TO SCHEDULE B. Schedule B of the Purchase Agreement is amended to add new definitions of the terms set forth below, which shall read in full as follows (and shall replace the definitions of any of the same terms in the Purchase Agreement):

"BANK CREDIT AGREEMENTS" means (i) the four separate Revolving Loan Agreements, three of which are dated on or about November 3, 1998 and one of which (BankOne, N.A.) is dated on or about April 20, 2000 (together with any related agreements and instruments, the "Australian Bank Loan Agreements"), between the Third Subsidiary Guarantor as successor to the Second Subsidiary Guarantor (as borrower), the Issuer, the First Subsidiary Guarantor and the Guarantor (as guarantors) and, respectively, Australia and New Zealand Banking Group, BNP Paribas, Westdeutsche Landesbank Girozentrale and BankOne N.A. (the "Bank Lenders") under which the Third Subsidiary Guarantor may borrow up to an aggregate of A$200,000,000 (A$ referring to Australian dollars) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders, and (ii) the six separate Standby Loan Agreements, two of which are dated on or about November 4, 1998, one of which (Westdeutsche Landesbank Girozentrale) is dated on or about January 24, 2000, two of which (Bank One N.A. and BBL Australia Limited are dated on or about December 10, 1998 and one of which (Wells Fargo HSBC Trade Bank, N.A.) is dated on or about July 20, 2000 (together with any related agreements and instruments, the "Standby Facilities"), between the Third Subsidiary Guarantor as successor to the Second Subsidiary Guarantor (as borrower), the Guarantor, the Issuer and the First Subsidiary Guarantor (as guarantors) and, respectively, each of the Bank Lenders, BBL Australia Limited and Wells Fargo HSBC Trade Bank, N.A., under which the Third Subsidiary Guarantor may borrow up to an aggregate of $117,500,000 (or the equivalent in Australian currency) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders.

"EBIT" means the operating profit of the Guarantor and its Subsidiaries before adjustments for abnormal or exceptional items and income tax but after adding

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back Net Interest Charges, determined in each case by reference to the latest audited consolidated financial statements of the Guarantor and its Subsidiaries delivered to the Noteholders under Section 7.1(b) of this Agreement.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Guarantor and its Subsidiaries taken as a whole, or (b) the ability of the Issuer or the Guarantor to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes, or (d) the ability of the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor to perform its obligations under its Subsidiary Guarantee, or (e) the validity or enforceability of any Subsidiary Guarantee.

"NET INTEREST CHARGES" means all continuing, regular or periodic costs, charges and expenses (including interest, discount costs, charges and expenses (including but not limited to interest, discount costs and any and all fees associated with or incurred under any Debt)) incurred by the Guarantor and any of its Subsidiaries in effecting, servicing or maintaining at any time its Debt, less interest income received by or arising to the Guarantor or such Subsidiaries in the same period for which such Net Interest Charges are being determined, in each case by reference to the financial statements referred to in Section 7.1(b) of this Agreement.

"PRIORITY DEBT" means (a) all Debt of the Guarantor and the Subsidiaries secured by any Lien with respect to any property owned by the Guarantor or any of its Subsidiaries and (b) all unsecured Debt of Subsidiaries, except Debt owed to the Guarantor or a Wholly-Owned Subsidiary, Debt of the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor and Debt of the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor under this Agreement, the Notes, the Subsidiary Guarantees, the Australian Bank Loan Agreements (and Guaranties thereof) and the first $100,000,000 of the Standby Facilities (and Guaranties thereof).

"THIRD SUBSIDIARY GUARANTOR" means James Hardie International Finance B.V., a company organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands, and its permitted successors under the Subsidiary Guarantee.

"SUBSIDIARY GUARANTEE" means each of the Subsidiary Guarantees executed and delivered by the First Subsidiary Guarantor, the Subsidiary Guarantee executed and delivered by the Second Subsidiary Guarantor and the Subsidiary Guarantee executed and delivered by the Third Subsidiary Guarantor, each substantially in the form of Exhibit 4.10 hereto.

8. STATUS OF PURCHASE AGREEMENT. The provisions of the Purchase Agreement are in full force and effect and shall remain unchanged, except as provided by this Agreement.

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9. INCONSISTENCIES. In the event of any inconsistency between the provisions of this Agreement and any provision in the Purchase Agreement, the terms and provisions of this Agreement shall govern.

10. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

11. SEVERABILITY. If any paragraph, clause or provision of this Agreement is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall not affect the remaining paragraphs, clauses or provisions of this Agreement.

12. BINDING ON SUCCESSORS AND ASSIGNS. This Agreement applies to, inures to the benefit of, and binds the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor, the Third Subsidiary Guarantor and the Noteholders and their respective heirs, legatees, devisees, administrators, executors, successors and assigns.

13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Any party hereto may execute and deliver a counterpart of this Agreement by delivering by facsimile transmission a signature page of this Agreement signed by such party and such facsimile signature shall be treated in all respects as having the same effect as an original signature.

14. REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE GUARANTOR. The Issuer and the Guarantor jointly and severally represent and warrant to the Noteholders that:

14.1. ORGANIZATION; POWER AND AUTHORITY. The Third Subsidiary Guarantor is a corporation duly incorporated and validly existing under the laws of the Netherlands and has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver its Subsidiary Guarantee and to perform the provisions thereof.

14.2. AUTHORIZATION, ETC. This Agreement has been duly authorized by all necessary corporate action on the part of the Issuer, and this Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Subsidiary Guarantee has been duly authorized by all necessary corporate action on the part of the Third Subsidiary Guarantor, and such Subsidiary Guarantee constitutes a legal, valid and binding obligation of

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the Third Subsidiary Guarantor enforceable against the Third Subsidiary Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

14.3. ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES

(a) Schedule 14.3 contains complete and correct lists of the Guarantor's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization or incorporation, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Guarantor and each other Subsidiary.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 14.3 as being owned by the Guarantor and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Guarantor or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 14.3).

(c) Each of the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor is a corporation or other legal entity duly organized or incorporated, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation, and is duly qualified as a foreign corporation or other legal entity and, where such concept is relevant, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than restrictions permitted by Section 10.8 of the Purchase Agreement and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Guarantor or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

14.4. COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC. The execution, delivery and performance by the Issuer of this Agreement, the performance by the Issuer of the Purchase Agreement and the Notes and the execution, delivery and performance by the Third Subsidiary Guarantor of the Subsidiary Guarantee will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Guarantor, the Issuer or any Subsidiary under, any indenture, mortgage, deed

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of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Guarantor, the Issuer or any Subsidiary is bound or by which the Guarantor, the Issuer or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Guarantor, the Issuer or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Guarantor, the Issuer or any Subsidiary.

14.5. GOVERNMENTAL AUTHORIZATIONS, ETC. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor of this Agreement or by the Third Subsidiary Guarantor of its Subsidiary Guarantee.

14.6. LITIGATION. Schedule 14.6 sets forth a reasonably detailed description of all material litigation and other proceedings involving or affecting the Guarantor and its Subsidiaries.

14.7. EXISTING DEBT. Except as described therein, Schedule 14.7 sets forth a complete and correct list of all outstanding Debt of the Obligors and the Subsidiaries as of September 30, 2001, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Obligors or the Subsidiaries. Neither the Obligors nor any Subsidiary are in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any such Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

15 CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement shall be subject to the satisfaction of each of the following conditions precedent:

15.1 EXECUTED AGREEMENT. Issuer shall have received one or more counterparts of this Agreement executed on behalf of the Required Holders.

15.2 THIRD SUBSIDIARY GUARANTY. The Third Subsidiary Guarantor shall have executed and delivered a Subsidiary Guarantee substantially in the form as heretofore delivered to the Noteholders and containing the provisions set forth in Section 11 of the Purchase Agreement.

15.3 OPINIONS OF COUNSEL. Noteholders shall have received opinions of Allens Arthur Robinson (Australian counsel), De Brauw Blackstone Westbroek N.V. (Netherlands counsel) and Gibson, Dunn & Crutcher LLP (U.S. counsel), in customary form

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and subject only to customary qualifications, addressed to each Noteholder, covering such matters as may be reasonably required by counsel to the Noteholders.

15.4 REPRESENTATIONS AND WARRANTIES; NO DEFAULT. On the Effective Date, after giving effect to the amendment of the Purchase Agreement contemplated hereby:

(a) the representations and warranties contained in Section 14 hereof and the representations and warranties contained in Section 5.8(a), 5.8(b), 5.9, 5.10, 5.11, 5.12, 5.17 and 5.18 of the Purchase Agreement shall be true and correct on and as of the Effective Date as though made on and as of such date; and

(b) no Default or Event of Default shall have occurred and be continuing.

15.5 COMPLIANCE CERTIFICATES.

(a) OFFICER'S CERTIFICATE. Issuer shall deliver to each Noteholder an Officer's Certificate, dated as of the Effective Date, certifying that the condition specified in Section 15.4 of this Section have been fulfilled.

(b) SECRETARY'S CERTIFICATE. Issuer shall have delivered to each Noteholder a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement and the Subsidiary Guarantee and the incumbency and authority of persons executing such documents.

15.6 EVIDENCE OF CONSENT TO RECEIVE SERVICE OF PROCESS. Each Noteholder shall have received, in form and substance reasonably satisfactory to such Noteholder, evidence of the consent of CT Corporation System in New York, New York to the appointment and designation provided for by Section 24.6 of the Purchase Agreement (and the payment of all fees related thereto).

15.7 PROCEEDINGS AND DOCUMENTS. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all the documents and instruments incident to such transactions shall be satisfactory to each Noteholder and its special counsel, and such Noteholder and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as it or they may reasonably request.

15.8 NOTICE OF EFFECTIVENESS OF FINANCE SCHEME. Each Noteholder shall have received notice that the Finance Scheme has been implemented and the Third Subsidiary Guarantor shall have become the borrower under the Bank Credit Agreements.

15.9 PAYMENT OF AMENDMENT FEE. Each Noteholder shall have received its pro rata share of an amendment fee in the aggregate amount of $225,000.

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16. LEGAL FEES. The Obligors jointly and severally will pay all legal costs and expenses (including reasonable attorneys' fees of Willkie Farr & Gallagher) incurred by the Noteholders in connection with this Agreement.

17. CONSENT AND CONFIRMATION BY GUARANTORS. The Guarantor, the First Subsidiary Guarantor and the Second Subsidiary Guarantor expressly consent to this Agreement and confirm that their respective Guaranties of the Notes and the Purchase Agreement, as amended, remain in full force and effect.

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IN WITNESS WHEREOF, the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor, the Third Subsidiary Guarantor and the respective Noteholders listed on the attached signature pages hereof have executed this Agreement effective as of the day and year first above written.

ISSUER:

JAMES HARDIE U.S. FUNDING, INC.,
a Nevada corporation

By: /s/ Phillip Graham Morley

Its: CFO

FIRST SUBSIDIARY GUARANTOR:

JAMES HARDIE AUST.
INVESTCO PTY. LIMITED,
a company organized under the
laws of Australia

By: /s/ Phillip Graham Morley

Its: CFO/ DIRECTOR

THIRD SUBSIDIARY GUARANTOR:

JAMES HARDIE INTERNATIONAL
FINANCE B.V.,
a company incorporated under the
laws of the Netherlands

By: /s/ Phillip Graham Morley

Its: CFO/ DIRECTOR

NOTEHOLDERS: [SEE ATTACHED PAGES]

GUARANTOR:

JAMES HARDIE N.V.,
a company incorporated under the
laws of the Netherlands

By: /s/ Phillip Graham Morley

Its: CFO/DIRECTOR

SECOND SUBSIDIARY GUARANTOR:

JAMES HARDIE AUSTRALIA
FINANCE PTY. LIMITED,
a company organized under the
laws of Australia

By: /s/ Phillip Graham Morley

Its: CFO/DIRECTOR

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SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Marie Fioramonti

Name: Marie Fioramonti
Its: Vice President

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SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

CONNECTICUT GENERAL LIFE INSURANCE COMPANY (CIG & CO.)

By: /s/ Stephen A. Osborn

Name: STEPHEN A. OSBORN
Its: PARTNER

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

CONNECTICUT GENERAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS (CIG & CO.)

By: /s/ Stephen A. Osborn

Name: STEPHEN A. OSBORN
Its: PARTNER

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

LIFE INSURANCE COMPANY OF NORTH AMERICA (CIG & CO.)

By: /s/ Stephen A. Osborn

Name: STEPHEN A. OSBORN
Its: PARTNER

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

PRINCIPAL LIFE INSURANCE COMPANY

By: Principal Capital Management, LLC,
a Delaware limited liability company,
its authorized signatory

By: /s/ Jon C. Keiny

Its: JON C. KEINY, Counsel

By: /s/ James C. Fifield

Its: JAMES C. FIFIELD, Counsel

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

USAA LIFE INSURANCE COMPANY (SALKELD & CO.)

By: /s/ John C. Spear

Name: John C. Spear
Its: Vice President

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

THE PAUL REVERE LIFE INSURANCE COMPANY (CUDD & CO.)

By: /s/ David Fussell

Name: DAVID FUSSELL
Its: SENIOR VICE PRESIDENT

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: DAVID L. BABSON AND COMPANY, INCORPORATED
Its: INVESTMENT ADVISOR

By: /s/ Richard C. Morrison

Name: Richard C. Morrison
Its: Managing Director

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

CM LIFE INSURANCE COMPANY C/O MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: DAVID L. BABSON AND COMPANY, INCORPORATED
Its: INVESTMENT ADVISOR

By: /s/ Richard C. Morrison

Name: Richard C. Morrison
Its: Managing Director

<PAGE>

SIGNATURE PAGE TO SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT DATED AS OF OCTOBER 22, 2001

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA (CUDD & CO.)

By: /s/ Thomas M. Donohue

Name: THOMAS M. DONOHUE
Its: MANAGING DIRECTOR

<PAGE>

SCHEDULE 14.3 LIST OF SUBSIDIARIES OF JAMES HARDIE N.V. AT 22 OCTOBER 2001

<TABLE>
<CAPTION>

	COUNTRY OF INCORPORATION
<S>	<C>
James Hardie NV	Netherlands
James Hardie Finance BV	Netherlands
James Hardie International Finance BV	Netherlands
James Hardie Australia Finance Pty Ltd	Australia
James Hardie NSW Investments Pty Ltd	Australia
James Hardie FCTA Pty Ltd	Australia
James Hardie Philippines Inc	Philippines
PT James Hardie Indonesia	Indonesia
James Hardie International Holdings BV	Netherlands
James Hardie Fibrocementos Limitada	Chile
James Hardie Research (Holdings) Pty Ltd	Australia
James Hardie Research Pty Ltd	Australia
James Hardie Tech Pty Ltd	Australia
James Hardie USA Investments BV (in liquidation)	Netherlands
James Hardie (Holdings) Inc	USA
James Hardie Building Products Inc	USA
James Hardie Inc	USA
James Hardie Building Products Canada Inc	Canada
James Hardie Gypsum Inc	USA
James Hardie US Funding Inc	USA
James Hardie US Investments Sierra Inc	USA
James Hardie NZ Trustee Ltd	NZ
James Hardie NZ Holdings Trust	NZ Trust
James Hardie NZ Investco Trust	NZ Trust
James Hardie New Zealand Ltd	NZ
James Hardie Aust Holdings Pty Ltd	Australia
James Hardie Aust Investco Pty Ltd	Australia
James Hardie Aust Investco Services Pty Ltd	Australia
James Hardie Aust Investments No 1 Pty Ltd	Australia
James Hardie Australia Management Pty Ltd	Australia
James Hardie Australia Pty Ltd	Australia
James Hardie Fibre Cement Pty Ltd	Australia
James Hardie FC Pty Ltd	Australia
James Hardie Windows (Holdings) Pty Ltd	Australia
James Hardie Windows Pty Ltd	Australia
Louvre Properties Pty Ltd	Australia
James Hardie US Investments Washoe Inc	USA
Western Mining & Minerals Inc	USA
James Hardie US Investments Inc	USA

</TABLE>

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SCHEDULE 14.6 LEGAL PROCEEDINGS

The Guarantor and its subsidiaries (collectively the "Group") are involved from time to time in various legal proceedings and administrative actions incident to the normal conduct of the Group's business. Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a Material Adverse Effect.

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SCHEDULE 14.7 OUTSTANDING DEBT OF THE OBLIGORS AND THE SUBSIDIARIES

1. Guaranteed Senior Notes USD 225 million

2. Revolving Loan Facility

<TABLE>
<CAPTION>

LENDER	COMMITTED AMOUNT	DRAWN AMOUNT AT 30 SEPTEMBER 2001
	AUD MILLION	AUD MILLION
<S>	<C>	<C>
Australia & New Zealand Banking Group Limited	80.0	80.0
BNP Paribas	40.0	40.0
Westdeutsche Landesbank Girozentrale	40.0	40.0
BankOne NA	40.0	40.0
TOTAL	200.0	200.0

</TABLE>

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3. Standby Facility

<TABLE>
<CAPTION>

LENDER	COMMITTED AMOUNT	DRAWN AMOUNT
	USD MILLION	USD MILLION
<S>	<C>	<C>
Australia & New Zealand Banking Group Limited	25.0	22.0
BNP Paribas	15.0	0
Westdeutsche Landesbank Girozentrale	12.5	0
BankOne NA	30.0	17.1
BBL Australia. Ltd	20.0	17.1
Wells Fargo HSBC Trade Bank NA	15.0	
TOTAL	117.5	56.2

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GUARANTY

THIS GUARANTY ("Guaranty"), is entered into effective as of October 22, 2001, by James Hardie International Finance B.V. a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands ("Additional Guarantor"), in favor of the Noteholders (as defined in the Purchase Agreement described below).

RECITALS:

A. James Hardie U.S. Funding, Inc. (the "Issuer"), James Hardie N.V. (the "Guarantor"), James Hardie Aust. Investco Pty. Limited, James Hardie Australia Finance Pty. Limited, the Additional Guarantor and certain of the Noteholders have entered into that certain Second Amendment to Note Purchase Agreement dated as of the date hereof (the "Second Amendment"). The Second Amendment amends those certain Note Purchase Agreements with Issuer and the Guarantor, each dated as of November 5, 1998, as amended by that certain Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement dated as of January 24, 2000 (collectively with the Second Amendment, the "Purchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

B. It is a condition to the effectiveness of the Second Amendment that Additional Guarantor execute and deliver this Guaranty.

C. Additional Guarantor will receive substantial direct and indirect benefit from the effectiveness of the Second Amendment.

AGREEMENT:

NOW, THEREFORE, as a material inducement to the Noteholders to execute and deliver the Second Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Additional Guarantor hereby does irrevocably and unconditionally warrant and represent unto and covenant with the Noteholders as follows:

1. GUARANTY. Additional Guarantor hereby absolutely unconditionally and irrevocably guarantees to each and every holder of any of the Notes from time to time

(a) the due and punctual payment of

(i) the principal of and Make-Whole Amount (if any) and interest on all outstanding Notes (including interest on such principal and Make-Whole Amount and, to the extent permitted by applicable law, on any overdue interest), whether at the stated maturity, by acceleration, pursuant to any prepayment or otherwise, in accordance with the Notes and the Purchase Agreement, and

(ii) all other sums that may become due from the Issuer to any Noteholder under the Notes or the Purchase Agreement, including costs, expenses and taxes; and

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(b) the due and punctual performance and observance by the Issuer of all covenants, agreements and conditions on its part to be performed and observed under the Purchase Agreement.

Such payment and other obligations so guaranteed are collectively called the "Guaranteed Obligations". If default shall be made in the performance of any of the Guaranteed Obligations, Additional Guarantor will also pay to the holder of any Note such amounts, to the extent lawful, as shall be sufficient to pay the costs and expenses of collection or of otherwise enforcing any of such holder's rights under the Purchase Agreement, including reasonable counsel fees.

The obligations of Additional Guarantor under this Section 1 shall survive the transfer or payment of the Notes.

2. ADDITIONAL GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Additional Guarantor hereby warrants and represents to the Noteholders as follows:

(a) This Guaranty constitutes the legal, valid and binding obligation of Additional Guarantor and is fully enforceable against Additional Guarantor in accordance with its terms.

(b) Additional Guarantor is solvent and the execution of this Guaranty does not render Additional Guarantor insolvent.

(c) There are no legal proceedings or material claims or demands pending against or, to the best of Additional Guarantor's knowledge threatened against, Additional Guarantor or any of its assets.

(d) The execution and delivery of this Guaranty and the assumption of liability hereunder have been in all respects authorized and approved by Additional Guarantor and its shareholders. Additional Guarantor has full authority and power to execute this Guaranty and to perform its obligations hereunder.

(e) Neither the execution nor the delivery of this Guaranty nor the fulfillment and compliance with the provisions hereof will conflict with, result in a breach of, constitute a default under or result in the creation of any lien, charge, or encumbrance upon any property or assets of Additional Guarantor under any agreement or instrument to which Additional Guarantor is now a party or by which it may be bound.

3. WAIVER.

(a) The obligations of Additional Guarantor under this Guaranty constitute a present and continuing guaranty of payment and not of collectibility and shall be absolute and unconditional and, to the extent permitted by applicable law, the Guaranteed Obligations shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim Additional Guarantor may have against the Issuer or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not

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Additional Guarantor shall have any knowledge or notice thereof or consent thereto), including without limitation:

(i) any amendment or modification of any provision of the Purchase Agreement or any of the Notes or any assignment or transfer thereof, including without limitation the renewal or extension of the time of payment of any of the Notes or the granting of time in respect of such payment thereof, or of any furnishing or acceptance of security or any additional guarantee or any release or any security or guarantee so furnished or accepted for any of the Notes;

(ii) any waiver, consent, extension, granting of time, forbearance, indulgence or other action or inaction under or in respect of the Purchase Agreement or the Notes, or any exercise or nonexercise of any right, remedy or power in respect thereof,

(iii) any bankruptcy, receivership, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to the Issuer or any other Person or the properties or creditors of any of them;

(iv) the occurrence of any Default or Event of Default under, or any invalidity or any unenforceability of, or any misrepresentation, irregularity or other defect in, the Purchase Agreement;

(v) any transfer of any assets to or from the Issuer, including without limitation any transfer or purported transfer to the Issuer from any Person, any invalidity, illegality of, or inability to enforce, any such transfer or purported transfer, any consolidation or merger of the Issuer with or into any Person, or any change whatsoever in the objects, capital structure, constitution or business of the Issuer;

(vi) any failure on the part of the Issuer or any other guarantor to perform or comply with any term of the Purchase Agreement, the Notes or any other agreement;

(vii) any suit or other action brought by any beneficiaries or creditors of, or by, the Issuer or any other person for any reason whatsoever, including without limitation any suit or action in any way attacking or involving any issue, matter or thing in respect of the Purchase Agreement, the Notes or any other agreement;

(viii) any lack or limitation of status or of power, incapacity or disability of the Issuer or any trustee or agent thereof; or

(ix) any other thing, event, happening, matter, circumstance or condition whatsoever, not in any way limited to the foregoing.

(b) Additional Guarantor hereby unconditionally waives diligence, presentment, demand of payment, protest and all notices whatsoever and any requirement that any holder of a Note exhaust any right, power or remedy against the Issuer under the Purchase Agreement or the Notes or any other agreement or instrument referred to herein or therein, or

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against any other guarantor or any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

(c) In the event that Additional Guarantor shall at any time pay any amount on account of the Guaranteed Obligations or take any other action in performance of its obligations hereunder, Additional Guarantor shall have no subrogation or other rights hereunder, under the Purchase Agreement or under the Notes and Additional Guarantor hereby waives all rights it may have to be subrogated to the rights of any holder of a Note, and all other remedies that it may have against the Issuer, in respect of any payment made hereunder unless and until the Guaranteed Obligations shall have been indefeasibly paid in full. If any amount shall be paid to Additional Guarantor on account of any such subrogation rights or other remedy, notwithstanding the waiver thereof, such amount shall be received in trust for the benefit of the holders of the Notes and shall forthwith be paid to such holders to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof. Additional Guarantor agrees that its obligations under this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Issuer is rescinded or must be otherwise restored by any holder of any Note, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid.

Each default in the payment or performance of any of the Guaranteed Obligations shall give rise to a separate claim and cause of action hereunder, and separate claims or suits may be made and brought, as the case may be, hereunder as each such default occurs. Additional Guarantor will from time to time deliver, upon the reasonable request of any holder of a Note, a satisfactory acknowledgment of its continued liability hereunder.

4. REMEDIES CUMULATIVE. Additional Guarantor hereby agrees with the Noteholders that all rights, remedies and recourses afforded to the Noteholders by reason of this Guaranty or otherwise are (a) separate and cumulative and may be pursued separately, successively or concurrently, as occasion therefor shall arise, and (b) non-exclusive and shall in no way limit or prejudice any other legal or equitable right, remedy or recourse which the Noteholders may have.

5. LAW GOVERNING AND SEVERABILITY; JURISDICTION.

(a) This Guaranty shall be governed by and construed in accordance with the laws of the State of New York and is intended to be performed in accordance with, and only to the extent permitted by, such laws. If any provision of this Guaranty or the application thereof to any person or circumstance, for any reason and to any extent, shall be invalid or unenforceable, neither the remainder of this Guaranty nor the application of such provision to any other persons or circumstances shall be affected thereby, but rather the same shall be enforced to the greatest extent permitted by law.

(b) Additional Guarantor hereby expressly waives all rights to object to jurisdiction or execution in any legal action or proceeding relating to this Guaranty, the Purchase Agreement or the Notes that it may now or hereafter have by reason of its domicile or by reason of any subsequent or other domicile. Additional Guarantor agrees that any legal action or

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proceeding with respect to this Guaranty, the Purchase Agreement or any Note, or any instrument, agreement or document mentioned or contemplated herein, or to enforce any judgment obtained against Additional Guarantor in any such legal action or proceeding against it or any of their respective properties or revenues may be brought by the holder of any Note in the courts of the State of New York or of the United States of America located in New York, New York, as the holder of any Note may elect, and by execution and delivery of this Guaranty, Additional Guarantor irrevocably submits to each such personal jurisdiction.

In addition, Additional Guarantor hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the actions, suits or proceedings described above arising out of or in connection with this Guaranty, the Purchase Agreement or the Notes brought in any of such courts, and waives and agrees not to plead or claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Additional Guarantor hereby irrevocably designates, appoints and empowers CT Corporation System with offices at 1633 Broadway, New York, New York, and its successors, as the designee, appointee and agent of Additional Guarantor to receive, accept and acknowledge, for and on behalf of Additional Guarantor and its respective properties, service of any and all legal process, summons, notices and documents which may be served in any such action, suit or proceeding in the case of the courts of the State of New York or of the United States of America located in New York, New York, which service may be made on any such designee, appointee and agent in accordance with legal procedures prescribed for such courts. Additional Guarantor shall take any and all actions necessary to continue such designation in full force and effect and should such designee, appointee and agent become unavailable for this purpose for any reason, Additional Guarantor will forthwith irrevocably designate a new designee, appointee and agent with offices in New York, New York, which shall irrevocably agree to act as such, with the powers and for the purposes specified in this Section 5(b). Additional Guarantor further irrevocably consents and agrees to service of any and all legal process, summons, notices and documents out of any of such courts in any such action, suit or proceeding delivered to Additional Guarantor in accordance with this Section 5(b) or to its then designee, appointee or agent for service. Service upon Additional Guarantor or any such designee, appointee and agent as provided for herein shall constitute valid and effective personal service upon Additional Guarantor and the failure of any such designee, appointee and agent to give any notice of such service to Additional Guarantor shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall, or shall be construed so as to, limit the right of any holder of Notes to bring actions, suits or proceedings with respect to the obligations and liabilities of Additional Guarantor under, or any other matter arising out of or in connection with, this Guaranty, the Purchase Agreement or the Notes, or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, in the courts of whatever jurisdiction in which the respective offices of the holders of the Notes may be located or assets of Additional Guarantor may be found or as otherwise shall to any holder of Notes seem appropriate, or to affect the right to service of process in any jurisdiction in any other manner permitted by law.

6. PAYMENTS IN DOLLARS; CURRENCY INDEMNITY.

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(a) Additional Guarantor shall make payments under this Guaranty in United States currency ("Dollars") and the obligation of Additional Guarantor to make such payments shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the holder of any Note of the full amount of Dollars expressed to be payable in respect of any such obligations. The obligation of Additional Guarantor to make payment in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty, the Purchase Agreement or the Notes.

(b) The Additional Guarantor shall indemnify the Noteholders against any deficiency which arises whenever for any reason (including as a result of a judgment or order or any official management, receivership, compromise, arrangement, amalgamation, administration, reconstruction, winding up, dissolution, assignment for the benefit of creditors, arrangement or compromise with creditors, bankruptcy or death) any Noteholder receives or recovers an amount in a currency (the "Payment Currency") other than Dollars and the amount actually received or recovered by such Noteholder in accordance with its normal practice when it converts the Payment Currency into Dollars is less than the relevant amount that would otherwise have been due in Dollars.

7. ADDITIONAL PAYMENTS. For the purposes of this Section 7: the term "Government Agency" shall mean any government or governmental, semi-governmental or judicial entity or authority or any self regulatory organization established under statute; the term "Tax" includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Government Agency, and any related interest, penalty, charge, fee or other amount; and the term "Excluded Tax" means a Tax imposed by a jurisdiction on the net income of a Noteholder because a Noteholder has a connection with that jurisdiction, but not a Tax which is calculated by reference to the gross amount of a payment derived by a Noteholder under this Guaranty or another document referred to in this Guaranty (without the allowance of a deduction) or which is imposed as a result of a Noteholder being considered to have a connection with that jurisdiction solely as a result of it being a party to this Guaranty or a transaction contemplated by this Guaranty. Whenever Additional Guarantor is obliged to make a deduction in respect of Tax from any payment under this Guaranty, (a) it shall promptly pay the amount deducted to the appropriate Government Agency and (b) unless the Tax is an Excluded Tax, it shall pay the relevant Noteholder on the due date of the payment any additional amounts necessary (as determined by that Noteholder) to ensure that that Noteholder receives when due a net amount (after payment of any Taxes in respect of those additional amounts) in the relevant currency equal to the full amount that it would have received had a deduction not been made. Additional Guarantor shall indemnify the relevant Noteholder on demand against the Tax and any amounts recoverable from that Noteholder in respect of the Tax. Additional Guarantor waives any statutory right to recover from a Noteholder any amount paid under this Section 7.

8. NOTICES. All notices, requests, demands, consents, approvals, agreements or other communications to or by a party to this Guaranty must be in writing and must be signed by a

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duly authorized officer of the sender. Any such communication will be taken to be duly given or made:

(a) (in the case of delivery in person or by post, facsimile transmission or cable) when delivered, received or left at the address of the recipient shown in this Guaranty or to any other address of which it may have notified the sender; or

(b) (in the case of a telex) on receipt by the sender of the answerback code of the recipient at the end of transmission,

but if delivery or receipt is on a day on which business is not generally carried on in the place to which the communication is sent or is later than 4:00 pm (local time), it will be taken to have been duly given or made at the commencement of business on the next day on which business is generally carried on in that place.

9. TRANSACTION EXPENSES. Whether or not the transactions contemplated hereby are consummated, the Additional Guarantor agrees that it will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by any Noteholder in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Guaranty, the Purchase Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Guaranty, the Purchase Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Guaranty, the Purchase Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of Additional Guarantor or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. Additional Guarantor will pay, and will save each holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by any such holder). The obligations of Additional Guarantor under this Section 9 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Guaranty, the Purchase Agreement or the Notes, and the termination of this Guaranty.

10. FURTHER ASSURANCES. Additional Guarantor will at its own expense and when requested by any Noteholder from time to time to do so, promptly do, execute and deliver all such other and further acts and instruments as are necessary or, in the reasonable opinion of such Noteholder, desirable for more satisfactorily giving effect to this Guaranty and for more fully vesting in such Noteholder all rights, remedies and powers conferred or intended to be conferred by this Guaranty and must cause any relevant third parties to do, execute and deliver the same.

11. SUCCESSORS AND ASSIGNS. This Guaranty and all the terms, provisions and conditions hereof shall be binding upon Additional Guarantor and Additional Guarantor's heirs, legal representatives, successors and assigns and shall inure to the benefit of each Noteholder, its successors and assigns and all subsequent holders of the Notes. Additional Guarantor may not

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assign or transfer any of its rights or obligations under this Guaranty without the prior written consent of each Noteholder.

12. AMENDMENTS. No amendment or waiver of any provision of this Guaranty and no consent to any departure by Additional Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Required Holders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all of the Noteholders (a) reduce or limit the obligations of Additional Guarantor hereunder or otherwise limit Additional Guarantor's liability with respect to the Guaranteed Obligations owing to the Noteholders under or in respect of this Guaranty, the Notes or the Purchase Agreement, (b) postpone any date fixed for payment hereunder or (c) change the number of Noteholders or the percentage of the aggregate unpaid principal amount of the Notes that, in each case, shall be required for the Noteholders or any of them to take any action hereunder.

13. PARAGRAPH HEADINGS. The paragraph headings inserted in this Guaranty have been included for convenience only and are not intended, and shall not be construed, to limit or define in any way the substance of any paragraph contained herein.

14. BENEFIT. Additional Guarantor warrants and represents that Additional Guarantor has received, or will receive, direct or indirect benefit from the execution and delivery of this Guaranty.

15. NO REPRESENTATIONS BY NOTEHOLDERS. No Noteholder or anyone acting on behalf of any Noteholder has made any representation, warranty or statement to Additional Guarantor to induce Additional Guarantor to execute and deliver this Guaranty.

EXECUTED effective as of the date first above written.

JAMES HARDIE INTERNATIONAL
FINANCE B.V., a Netherlands corporation

By: /s/ Phillip Graham Morley

Name: Phillip Graham Morley
Title: CFO/ Director

Address for Notices:	Copy to:
World Trade Center	26300 La Alameda
Strawinskylaan 1725	Suite 100
1077 JE Amsterdam	Mission Viejo, CA
The Netherlands	92691
Attn: Don Cameron	Attn: Phillip Morley

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SECRETARY'S CERTIFICATE OF
JAMES HARDIE U.S. FUNDING, INC.

Reference is made to the Second Amendment to Note Purchase Agreement (the "Amendment") dated as of October 22, 2001 by and among James Hardie U.S. Funding, Inc., a Nevada corporation (the "Company"), James Hardie N.V., James Hardie Aust. Investco Pty. Limited, James Hardie Australia Finance Pry. Limited, James Hardie International Finance B.V., and certain institutional investors as listed on the signature pages thereto.

I, Virginia G. Lester, do hereby certify that I am a duly elected, qualified and acting Secretary of the Company, and, as such, I am authorized to execute and deliver this certificate on behalf of the Company. I further certify on behalf of the Company that:

(a) Attached hereto as Exhibit A are true, correct and complete copies of resolutions duly adopted by the Company's board of directors relating to the authorization, execution and delivery of the documents to which the Company is a party in connection with the transactions contemplated by the Amendment. Such resolutions have not been modified or rescinded and remain in full force and effect as of the date hereof; and

(b) The following are the names of, the offices held by, and the genuine signatures of, certain officers of the Company authorized to sign the documents to which the Company is a party in connection with the transactions contemplated by the Amendment on behalf of the Company:

Name	Office	Signature
Phillip Graham Morley	Chief Financial Officer	/s/ Phillip Graham Morley

IN WITNESS WHEREOF, I have signed this certificate on behalf of the Company as of the 22nd day of October, 2001.

JAMES HARDIE U.S. FUNDING, INC.

By: /s/ Virginia G. Lester

Name: Virginia G. Lester
Title: Secretary

The undersigned certifies that he is the duly appointed, qualified and acting Chief Financial Officer of the Company and further certifies that Virginia G. Lester is the duly appointed, qualified and acting Secretary of the Company and that the signature set forth above is his genuine signature.

October 22, 2001

JAMES HARDIE U.S. FUNDING, INC.

By: /s/ Phillip Graham Morley

Name: Phillip Graham Morley
Title: Chief Financial Officer

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EXHIBIT A

ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS
OF
JAMES HARDIE U.S. FUNDING INC.,
A NEVADA CORPORATION

The undersigned, being all of the directors of James Hardie U.S. Funding Inc., a Nevada corporation (the "Corporation"), in accordance with the authority contained in Nevada General Corporation Law Section 78.315, do hereby consent to, adopt and approve the following resolutions without a meeting with the intention that such actions will have the same force and effect as if taken by a vote of the board of directors at a meeting duly called and held:

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

WHEREAS, in connection with the establishment of a Dutch finance scheme the board of directors of the Corporation deems it to be in the best interests of the Corporation to enter into a Second Amendment to Note Purchase Agreement in the form attached hereto as Attachment 1 (the "Amendment").

WHEREAS, the board of directors of the Corporation has reviewed the terms and conditions of the Amendment and finds them to be in the best interests of the Corporation and its shareholders.

NOW, THEREFORE, BE IT RESOLVED, that the Corporation be, and it hereby is, authorized to approve, execute, deliver and perform its obligations under the Amendment, the form, terms and provisions of which are hereby ratified, affirmed and approved; and

RESOLVED FURTHER, that Phillip Graham Morley or any other officer of the Corporation, acting together or alone, be, and each of them hereby is, in the name of the Corporation and on its behalf, authorized to approve, execute and deliver the Amendment, with such changes thereto as may be approved by the officer or officers executing the same, such approval to be conclusively evidenced by his or their execution thereof.

GENERAL AUTHORIZATION

RESOLVED, that each of the officers of the Corporation be, and they are hereby are, authorized, directed and empowered to prepare, execute and deliver all such documents and instruments and to take all such actions as such officer or officers may deem necessary or advisable in order to carry out and perform the purposes of the foregoing resolutions; and

RESOLVED FURTHER, that any actions heretofore taken by any officer of the Corporation in connection with the foregoing resolutions be, and they hereby are, approved, affirmed, adopted and ratified.

IN WITNESS WHEREOF, the undersigned have caused the foregoing actions to be executed as of the 22nd day of October, 2001.

<PAGE>

/s/ Peter Macdonald

Peter Macdonald

/s/ Peter J. Shafron

Peter J. Shafron

/s/ Phillip Graham Morley

Phillip Graham Morley

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ATTACHMENT 1
FORM OF AMENDMENT

See attached.

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Attachment 1

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

This Second Amendment to Note Purchase Agreement (the "Agreement") is made and entered into as of this 22nd day of October, 2001, by and among JAMES HARDIE U.S. FUNDING, INC., a Nevada corporation ("Issuer"), JAMES HARDIE N.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the "Guarantor"), JAMES HARDIE AUST. INVESTCO PTY. LIMITED, a company organized under the laws of Australia (the "First Subsidiary Guarantor"), JAMES HARDIE AUSTRALIA FINANCE PTY. LIMITED, a company organized under the laws of Australia (the "Second Subsidiary Guarantor"), JAMES HARDIE INTERNATIONAL FINANCE B.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands (the "Third Subsidiary Guarantor"), and the holders of notes listed on the signature pages hereof under the heading "Noteholders" (each a "Noteholder" and, collectively, the "Noteholders") with reference to the following facts. Capitalized terms used herein which are not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement (defined below).

A. Issuer presently has obligations under Guaranteed Senior Notes (the "Notes") in the aggregate principal amount of $225,000,000 issued to the purchasers under those certain Note Purchase Agreements with Issuer and the Guarantor, each dated as of November 5, 1998, as amended by that certain Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement dated as of January 24, 2000 (collectively, the "Purchase Agreement").

B. In connection with the establishment of a Dutch finance scheme (the "Finance Scheme"), the Second Subsidiary Guarantor is being replaced as the principal borrowing entity of the James Hardie family of companies by the Third Subsidiary Guarantor. The Issuer wishes to cause the Third Subsidiary Guarantor to become a guarantor of the Notes and to amend the Note Purchase Agreement (i) to add borrowings by the Third Subsidiary Guarantor as exclusions under the definition of "Priority Debt" in the Note Purchase Agreement and (ii) to clarify the applicability of certain other sections to the Third Subsidiary Guarantor.

C. This Agreement is required under Section 19 of the Purchase Agreement as a form of written consent to the amendment of certain provisions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Issuer, Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor, the Third Subsidiary Guarantor and the undersigned Noteholders agree as follows:

1. EFFECTIVE DATE The effective date of this Agreement shall be the date of satisfaction of the conditions set forth in Section 15 below (the "Effective Date").

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2. AMENDMENT TO SECTION 7.2(a). Section 7.2(a) of the Purchase Agreement shall be completely replaced by a new Section 7.2(a), which shall read in full as follows:

(a) Covenant Compliance - (i) the information (including detailed calculations) required in order to establish whether the Obligors were in compliance with the requirements of Sections 10.2, 10.3, 10.4. 10.5, 10.6 and 10.7, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence) and (ii) with respect only to financial statements delivered pursuant to Section 7.1(b), the information (including detailed calculations) required in order to establish whether the Obligors were in compliance with the requirements of Section 10.9 during the annual period covered by the statements then being furnished; and

3. AMENDMENT TO SECTION 9.8. Section 9.8 of the Purchase Agreement shall be completely replaced by a new Section 9.8, which shall read in full as follows:

9.8. OWNERSHIP OF ISSUER AND SUBSIDIARY GUARANTORS; ACTIVITIES.

Subject only to the provisions of Section 10.2(i), the Guarantor will at all times maintain the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor as Wholly-Owned Subsidiaries of the Guarantor, and the capital stock of, and any other ownership interests in, the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor will at all times remain free of any Lien.

4. AMENDMENT TO SECTION 10.3. Section 10.3 of the Purchase Agreement shall be amended to delete existing subsection (f) and to replace it with a new subsection (f), which shall read in full as follows:

(f) Liens on property or assets of the Guarantor or any of its Subsidiaries securing Debt owing to the Guarantor or to any of its Wholly-Owned Subsidiaries (other than the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor);

5. ADDITION OF SECTION 10.9. A new Section 10.9 is hereby added to the Purchase Agreement as follows:

10.9 INTEREST COVERAGE

EBIT will not be less than twice Net Interest Charges in any year ending 31 March.

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6. AMENDMENT TO SECTION 13. Section 13 of the Purchase Agreement shall be amended to delete existing subsection (1) and to replace it with a new subsection (1), which shall read in full as follows:

(1) any Subsidiary Guarantee shall at any time, for any reason, cease to be in full force and effect or shall be declared to be null and void in whole or in any material part by the final judgment (which is non-appealable or has not been stayed pending appeal or as to which all rights to appeal have expired or been exhausted) of any Governmental Authority having jurisdiction, or the validity or enforceability of any Subsidiary Guarantee shall be contested by or on behalf of the Guarantor or any of its Subsidiaries, or the Guarantor or any such Subsidiary shall renounce a Subsidiary Guarantee or deny that the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor, as the case may be, is bound thereby or has any further liability thereunder.

7. AMENDMENT TO SCHEDULE B. Schedule B of the Purchase Agreement is amended to add new definitions of the terms set forth below, which shall read in full as follows (and shall replace the definitions of any of the same terms in the Purchase Agreement):

"BANK CREDIT AGREEMENTS" means (i) the four separate Revolving Loan Agreements, three of which are dated on or about November 3, 1998 and one of which (BankOne, N.A.) is dated on or about April 20, 2000 (together with any related agreements and instruments, the "Australian Bank Loan Agreements"), between the Third Subsidiary Guarantor as successor to the Second Subsidiary Guarantor (as borrower), the Issuer, the First Subsidiary Guarantor and the Guarantor (as guarantors) and, respectively, Australia and New Zealand Banking Group, BNP Paribas, Westdeutsche Landesbank Girozentrale and BankOne N.A. (the "Bank Lenders") under which the Third Subsidiary Guarantor may borrow up to an aggregate of A$200,000,000 (A$ referring to Australian dollars) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders, and (ii) the six separate Standby Loan Agreements, two of which are dated on or about November 4, 1998, one of which (Westdeutsche Landesbank Girozentrale) is dated on or about January 24, 2000, two of which (Bank One N.A. and BBL Australia Limited are dated on or about December 10, 1998 and one of which (Wells Fargo HSBC Trade Bank, N.A.) is dated on or about July 20, 2000 (together with any related agreements and instruments, the "Standby Facilities"), between the Third Subsidiary Guarantor as successor to the Second Subsidiary Guarantor (as borrower), the Guarantor, the Issuer and the First Subsidiary Guarantor (as guarantors) and, respectively, each of the Bank Lenders, BBL Australia Limited and Wells Fargo HSBC Trade Bank, N.A., under which the Third Subsidiary Guarantor may borrow up to an aggregate of $117,500,000 (or the equivalent in Australian currency) as such agreements may be amended, modified, refinanced or replaced with the same or different lenders.

"EBIT" means the operating profit of the Guarantor and its Subsidiaries before adjustments for abnormal or exceptional items and income tax but after adding

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back Net Interest Charges, determined in each case by reference to the latest audited consolidated financial statements of the Guarantor and its Subsidiaries delivered to the Noteholders under Section 7.1 (b) of this Agreement.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Guarantor and its Subsidiaries taken as a whole, or (b) the ability of the Issuer or the Guarantor to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes, or (d) the ability of the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor to perform its obligations under its Subsidiary Guarantee, or (e) the validity or enforceability of any Subsidiary Guarantee.

"NET INTEREST CHARGES" means all continuing, regular or periodic costs, charges and expenses (including interest, discount costs, charges and expenses (including but not limited to interest, discount costs and any and all fees associated with or incurred under any Debt)) incurred by the Guarantor and any of its Subsidiaries in effecting, servicing or maintaining at any time its Debt, less interest income received by or arising to the Guarantor or such Subsidiaries in the same period for which such Net Interest Charges are being determined, in each case by reference to the financial statements referred to in Section 7.1(b) of this Agreement.

"PRIORITY DEBT" means (a) all Debt of the Guarantor and the Subsidiaries secured by any Lien with respect to any property owned by the Guarantor or any of its Subsidiaries and (b) all unsecured Debt of Subsidiaries, except Debt owed to the Guarantor or a Wholly-Owned Subsidiary, Debt of the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor and Debt of the Issuer, the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor under this Agreement, the Notes, the Subsidiary Guarantees, the Australian Bank Loan Agreements (and Guaranties thereof) and the first $100,000,000 of the Standby Facilities (and Guaranties thereof).

"THIRD SUBSIDIARY GUARANTOR" means James Hardie International Finance B.V., a company organized under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands, and its permitted successors under the Subsidiary Guarantee.

"SUBSIDIARY GUARANTEE" means each of the Subsidiary Guarantees executed and delivered by the First Subsidiary Guarantor, the Subsidiary Guarantee executed and delivered by the Second Subsidiary Guarantor and the Subsidiary Guarantee executed and delivered by the Third Subsidiary Guarantor, each substantially in the form of Exhibit 4.10 hereto.

8. STATUS OF PURCHASE AGREEMENT. The provisions of the Purchase Agreement are in full force and effect and shall remain unchanged, except as provided by this Agreement.

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9. INCONSISTENCIES. In the event of any inconsistency between the provisions of this Agreement and any provision in the Purchase Agreement, the terms and provisions of this Agreement shall govern.

10. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

11. SEVERABILITY. If any paragraph, clause or provision of this Agreement is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall not affect the remaining paragraphs, clauses or provisions of this Agreement.

12. BINDING ON SUCCESSORS AND ASSIGNS. This Agreement applies to, inures to the benefit of, and binds the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor the Third Subsidiary Guarantor and the Noteholders and their respective heirs, legatees, devisees, administrators, executors, successors and assigns.

13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Any party hereto may execute and deliver a counterpart of this Agreement by delivering by facsimile transmission a signature page of this Agreement signed by such party and such facsimile signature shall be treated in all respects as having the same effect as an original signature.

14. REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THE GUARANTOR. The Issuer and the Guarantor jointly and severally represent and warrant to the Noteholders that:

14.1. ORGANIZATION; POWER AND AUTHORITY. The Third Subsidiary Guarantor is a corporation duly incorporated and validly existing under the laws of the Netherlands and has all corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver its Subsidiary Guarantee and to perform the provisions thereof.

14.2. AUTHORIZATION, ETC. This Agreement has been duly authorized by all necessary corporate action on the part of the Issuer, and this Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The Subsidiary Guarantee has been duly authorized by all necessary corporate action on the part of the Third Subsidiary Guarantor, and such Subsidiary Guarantee constitutes a legal, valid and binding obligation of

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the Third Subsidiary Guarantor enforceable against the Third Subsidiary Guarantor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

14.3. ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES

(a) Schedule 14.3 contains complete and correct lists of the Guarantor's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization or incorporation, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Guarantor and each other Subsidiary.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 14.3 as being owned by the Guarantor and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Guarantor or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 14.3).

(c) Each of the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor is a corporation or other legal entity duly organized or incorporated, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation, and is duly qualified as a foreign corporation or other legal entity and, where such concept is relevant, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than restrictions permitted by Section 10.8 of the Purchase Agreement and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Guarantor or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

14.4. COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC. The execution, delivery and performance by the Issuer of this Agreement, the performance by the Issuer of the Purchase Agreement and the Notes and the execution, delivery and performance by the Third Subsidiary Guarantor of the Subsidiary Guarantee will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Guarantor, the Issuer or any Subsidiary under, any indenture, mortgage, deed

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of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Guarantor, the Issuer or any Subsidiary is bound or by which the Guarantor, the Issuer or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Guarantor, the Issuer or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Guarantor, the Issuer or any Subsidiary.

14.5. GOVERNMENTAL AUTHORIZATIONS, ETC. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor or the Third Subsidiary Guarantor of this Agreement or by the Third Subsidiary Guarantor of its Subsidiary Guarantee.

14.6. LITIGATION. Schedule 14.6 sets forth a reasonably detailed description of all material litigation and other proceedings involving or affecting the Guarantor and its Subsidiaries.

14.7. EXISTING DEBT. Except as described therein. Schedule 14.7 sets forth a complete and correct list of all outstanding Debt of the Obligors and the Subsidiaries as of September 30, 2001, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Obligors or the Subsidiaries. Neither the Obligors nor any Subsidiary are in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any such Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

15 CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement shall be subject to the satisfaction of each of the following conditions precedent:

15.1 EXECUTED AGREEMENT. Issuer shall have received one or more counterparts of this Agreement executed on behalf of the Required Holders.

15.2 THIRD SUBSIDIARY GUARANTY. The Third Subsidiary Guarantor shall have executed and delivered a Subsidiary Guarantee substantially in the form as heretofore delivered to the Noteholders and containing the provisions set forth in Section 11 of the Purchase Agreement.

15.3 OPINIONS OF COUNSEL. Noteholders shall have received opinions of Allens Arthur Robinson (Australian counsel), De Brauw Blackstone Westbroek N.V. (Netherlands counsel) and Gibson, Dunn & Crutcher LLP (U.S. counsel), in customary form

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and subject only to customary qualifications, addressed to each Noteholder, covering such matters as may be reasonably required by counsel to the Noteholders.

15.4 REPRESENTATIONS AND WARRANTIES; NO DEFAULT. On the Effective Date, after giving effect to the amendment of the Purchase Agreement contemplated hereby:

(a) the representations and warranties contained in Section 14 hereof and the representations and warranties contained in Section 5.8(a), 5.8(b), 5.9, 5.10, 5.11, 5.12, 5.17 and 5.18 of the Purchase Agreement shall be true and correct on and as of the Effective Date as though made on and as of such date; and

(b) no Default or Event of Default shall have occurred and be continuing.

15.5 COMPLIANCE CERTIFICATES.

(a) OFFICER'S CERTIFICATE. Issuer shall deliver to each Noteholder an Officer's Certificate, dated as of the Effective Date, certifying that the condition specified in Section 15.4 of this Section have been fulfilled.

(b) SECRETARY'S CERTIFICATE. Issuer shall have delivered to each Noteholder a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of this Agreement and the Subsidiary Guarantee and the incumbency and authority of persons executing such documents.

15.6 EVIDENCE OF CONSENT TO RECEIVE SERVICE OF PROCESS. Each Noteholder shall have received, in form and substance reasonably satisfactory to such Noteholder, evidence of the consent of CT Corporation System in New York, New York to the appointment and designation provided for by Section 24.6 of the Purchase Agreement (and the payment of all fees related thereto).

15.7 PROCEEDINGS AND DOCUMENTS. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all the documents and instruments incident to such transactions shall be satisfactory to each Noteholder and its special counsel, and such Noteholder and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as it or they may reasonably request.

15.8 NOTICE OF EFFECTIVENESS OF FINANCE SCHEME. Each Noteholder shall have received notice that the Finance Scheme has been implemented and the Third Subsidiary Guarantor shall have become the borrower under the Bank Credit Agreements.

15.9 PAYMENT OF AMENDMENT FEE. Each Noteholder shall have received its pro rata share of an amendment fee in the aggregate amount of $225,000.

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16. LEGAL FEES. The Obligors jointly and severally will pay all legal costs and expenses (including reasonable attorneys' fees of Willkie Farr & Gallagher) incurred by the Noteholders in connection with this Agreement.

17. CONSENT AND CONFIRMATION BY GUARANTORS. The Guarantor, the First Subsidiary Guarantor and the Second Subsidiary Guarantor expressly consent to this Agreement and confirm that their respective Guaranties of the Notes and the Purchase Agreement, as amended, remain in full force and effect.

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OFFICER'S CERTIFICATE

Reference is made to the Second Amendment to Note Purchase Agreement (the "Amendment") dated as of October 22, 2001 by and among James Hardie U.S. Funding, Inc., a Nevada corporation (the "Company"), James Hardie N.V., James Hardie Aust. Investco Pty. Limited, James Hardie Australia Finance Pty. Limited, James Hardie International Finance B.V. and certain institutional investors as listed on the signature pages thereto. Unless otherwise defined herein, capitalized terms used herein have the respective meanings assigned to them in the Purchase Agreement (as defined in the Amendment).

The undersigned hereby certifies as of the date hereof that he is the Chief Financial Officer of the Company and that, as such, he is authorized to execute and deliver this certificate to the Noteholders on behalf of the Company. The undersigned further certifies that after giving effect to the amendment of the Purchase Agreement contemplated by the Amendment:

1. The representations and warranties of the Company contained in Section 14 of the Amendment and Sections 5.8(a), 5.8(b), 5.9, 5.10, 5.11, 5.12, 5.17 and 5.18 of the Purchase Agreement are true and correct on and as of the date hereof as though made on and as of the date hereof.

2. No Default or Event of Default has occurred or is continuing.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of October 22, 2001.

JAMES HARDIE U.S. FUNDING INC.

By: /s/ Phillip Graham Morley

Name: Phillip Graham Morley
Title: Chief Financial Officer

GIBSON, DUNN & CRUTCHER LLP

A REGISTERED LIMITED LIABILITY PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
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200 PARK AVENUE NEW YORK, NEW YORK 10166-0193
(212) 351-4000 (212) 351-4035 FAX
www.gibsondunn.com

November 1, 2001

(212) 351-4000 C 46223-00004

The Noteholders listed on
Schedule A hereto

Re: Second Amendment to Note Purchase Agreement
dated as of October 22, 2001

Ladies and Gentlemen:

We have acted as special counsel to James Hardie U.S. Funding, Inc., a Nevada corporation (the "Issuer"), James Hardie N.V., a company incorporated under the laws of The Netherlands (the "Guarantor"), James Hardie Aust. Investco Pty. Limited, a company organized under the laws of Australia (the "First Subsidiary Guarantor"), James Hardie Australia Finance Pty. Limited, a company organized under the laws of Australia (the "Second Subsidiary Guarantor"), and James Hardie International Finance B.V., a company incorporated under the laws of The Netherlands (the "Third Subsidiary Guarantor"), in connection with the preparation of:

(i) the Note Purchase Agreement dated as of November 5, 1998 (the "Purchase Agreement") by and among the Issuer, the Guarantor and certain purchasers as listed on Schedule A hereto (the "Noteholders");

(ii) the Second Amendment to Note Purchase Agreement dated as of October 22, 2001 (the "Amendment") by and among the Issuer, the Guarantor, the First Subsidiary Guarantor, Second Subsidiary Guarantor, the Third Subsidiary Guarantor and the Required Holders; and

(iii) the Guaranty dated as of October 22, 2001 (the "Guaranty") entered into by the Third Subsidiary Guarantor in favor of the Noteholders.

This opinion is being furnished to you pursuant to Section 15.3 of the Amendment. The Purchase Agreement, as previously amended by that certain Assignment and Assumption Agreement and First Amendment to Note Purchase Agreement dated as of January 24, 2000 and as further amended by the Amendment, is referred to herein as the "Amended Purchase Agreement." The Amended Purchase Agreement, the Amendment and the Guaranty are collectively referred to herein as the "Documents." The Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor are collectively referred to as the "Obligors." Each capitalized term used and not defined herein has the meaning assigned to that term in the Amended Purchase Agreement.

We have assumed with your permission that:

a) The signatures on all documents examined by us are genuine, all individuals executing such documents had all requisite legal capacity and competency and were duly authorized, the documents submitted to us as originals are authentic and the documents submitted to us as certified or reproduction copies conform to the originals;

b) Each of the Noteholders executing the Amendment has all requisite power and authority to execute, deliver and perform its obligations under the Amendment, the execution and delivery of the Amendment by each such Noteholder and the performance of its obligations thereunder have been duly authorized by all necessary action of such Noteholder and do not violate any law, regulation, order, judgment or decree applicable to such Noteholder, and each of the Amendment and the Amended Purchase Agreement is a legal, valid and binding obligation of each such Noteholder, enforceable against such Noteholder in accordance with its terms;

c) Each of the Obligors (other than the Issuer) has been duly incorporated and is a validly existing corporation in good standing under the laws of its jurisdiction of incorporation, has the requisite corporate power and authority to execute and deliver the Amendment and to perform its obligations under the Documents, has taken all necessary corporate action to authorize the execution and delivery of the Amendment and the performance of its obligations under the Documents and has duly executed and delivered the Amendment;

d) Except as reflected in the Documents, there are no agreements or understandings between or among any Obligor, the Noteholders or third parties that would expand, modify or otherwise affect the terms of the Documents or the respective rights or obligations of the parties thereunder; and

e) The assumptions set forth in paragraphs a), b) and c) of our opinion letter dated November 5, 1998 addressed to the Noteholders remain true and correct as of the date hereof.

In rendering this opinion, we have made such inquiries and examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, certificates, instruments and other documents as we have considered necessary or appropriate for purposes of this opinion. As to certain factual matters, we have relied upon the representations and warranties of the Obligors in the Documents, certificates of officers of the Obligors or certificates obtained from public officials. We have also, with your permission and without independent investigation, relied upon, and assumed the correctness of the conclusions expressed in, the opinions of even date of De Brauw Blackstone Westbroek N.V. and Allen Arthur Robinson with respect to all matters covered thereby.

Except as expressly stated otherwise herein, whenever an opinion herein with respect to the existence or absence of facts is stated to be to our knowledge, such statement is intended to signify that, during the course of our representation of the Obligors, as herein described, no information has come to the attention of the lawyers working on substantive matters for the Obligors during the prior twelve (12) months (and who are still employed by this firm) that would give us actual knowledge of facts contrary to the existence or absence of the facts indicated. However, we have not undertaken any independent investigation to determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from our representation of the Obligors or any affiliate thereof.

Based on the foregoing and in reliance thereon, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Issuer is a validly existing corporation in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to execute, deliver and perform its obligations under the Documents to which it is a party.

2. The execution and delivery by the Issuer of the Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by all necessary corporate action.

3. The Amended Purchase Agreement and the Amendment each constitutes a legal, valid and binding obligation of each of the Issuer and the Guarantor, enforceable against it in accordance with its terms.

4. The Amendment constitutes a legal, valid and binding obligation of each of the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor, enforceable against it in accordance with its terms.

5. The Guaranty constitutes a legal, valid and binding obligation of the Third Subsidiary Guarantor, enforceable against it in accordance with its terms.

6. The execution and delivery by each of the Obligors of the Documents to which each is a party and the performance of its obligations under the Documents do not result in a breach or violation of Regulations U or X of the Board of Governors of the Federal Reserve System. Regulation T of the Board of Governors of the Federal Reserve System does not apply to any Noteholder that is not a broker or a dealer (as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934 (the "1934 Act"), any member of a national securities exchange or any person associated with a broker or dealer (as defined in section 3(a)(18) of the 1934 Act), except for business entities controlling or under common control with a Noteholder.

7. No Obligor is an "investment company" or, to our knowledge, a company" controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended.

8. The execution, delivery and performance by each Obligor of the Documents to which each is a party do not and will not (i) violate or result in a breach or default under any order, judgment or decree of any court or other agency of government of the State of New York or the United States of America binding on such Obligor of which we have knowledge, (ii) violate any law or regulation of the State of New York or the United States of America applicable to any Obligor that, in our experience, is generally applicable to transactions in the nature of those contemplated by the Documents, or (iii) require any authorization, consent, waiver or approval of any governmental authority or regulatory body of the State of New York or the United States of America, except for filings and authorizations as may be required under any securities or Blue Sky laws and such authorizations, consents, waivers or approvals that, if not made or obtained, would not have a material adverse effect on any Obligor or on the ability of each Obligor to perform its obligations under the Documents to which it is a party and would not expose any Noteholder to liability.

9. To our knowledge, there is no action, suit or proceeding pending or threatened in the United States against any Obligor of the nature described in Section 5.8(a) of the Amended Purchase Agreement or in which an injunction or order has been entered preventing or adversely affecting consummation of the transactions that are contemplated by the Amendment to be consummated by the Obligors on the Effective Date.

The foregoing opinions are subject to the following exceptions, qualifications and limitations:

A. We render no opinion herein as to matters involving the laws of any jurisdiction other than the State of New York and the United States of America and, for the limited purposes of paragraphs 1 and 2 above, the Nevada Corporation Law. We are not engaged in practice in the State of Nevada; however, we are generally familiar with the Nevada

Corporation Law as currently in effect and have made such inquiries as we consider necessary to render the opinions contained in paragraphs 1 and 2. This opinion is limited to the effect of the present state of the laws of the State of New York and the United States of America and, to the limited extent set forth above, the State of Nevada and the facts as they currently exist. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

B. Our opinions set forth in paragraphs 3, 4 and 5 are subject to (i) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditors' rights generally (including, without limitation, the effect of statutory or other laws regarding fraudulent transfers or preferential transfers or distributions by corporations to stockholders) and (ii) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies, regardless of whether enforceability is considered in a proceeding in equity or at law.

C. We express no opinion regarding: (i) the effectiveness of any waiver (whether or not stated as such) under the Documents of, or any consent thereunder relating to, any unknown future rights or the rights of any party thereto existing, or duties owing to it, as a matter of law; (ii) the effectiveness of any waiver (whether or not stated as such) contained in the Documents of rights of any party, or duties owing to it, that is broadly or vaguely stated or does not describe the right or duty purportedly waived with reasonable specificity; (iii) the effectiveness of provisions relating to indemnification, exculpation or contribution, to the extent such provisions may be held unenforceable as contrary to public policy or federal or state securities laws; (iv) the effectiveness of any provision in any Document waiving the right to object to venue in any court; (v) the effectiveness of any consent or agreement to submit to the jurisdiction of any Federal Court; (vi) the effectiveness of any waiver of the right to jury trial; (vii) the effect on the enforceability of the Amended Purchase Agreement against the Guarantor or on the enforceability of the Guaranty against the Third Subsidiary Guarantor of any facts or circumstances occurring after the date of the Purchase Agreement that would constitute a defense to the obligation of a surety, unless such defense has been waived effectively by such Guarantor; (viii) the effectiveness of any provision of the Documents requiring written amendments or waivers of such documents insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply; (ix) the effectiveness of any provision purporting to establish evidentiary standards; or (x) the effectiveness of any provision to the effect that every right or remedy is cumulative and may be exercised in addition to any other right or remedy or that the election of some particular remedy does not preclude recourse to one or more others.

D. In rendering our opinions expressed in paragraph 8, while we advise you that (subject to the other assumptions, exceptions, qualifications and limitations herein) the Documents may be performed in a manner that does not result in a violation, breach or default described therein, we express no opinion as to whether the actual performance of the terms and

provisions of the Documents after the date hereof will not violate any law, regulation, order, judgment or decree applicable to any Obligor.

E. Our opinions in paragraphs 8(i) and 9 are based solely upon inquiry of Gibson, Dunn & Crutcher LLP lawyers who have billed time to any Obligor during the last twelve (12) months (and who are still employed by this firm) and factual certificates of the Obligors.

F. For the purposes of our opinion in paragraph 6, we have assumed without independent investigation that the representation and warranty set forth in Section 5.14 of the Amended Purchase Agreement is true, correct and complete as of the date hereof. We express no opinion with respect to any requirement applicable to any Noteholder to obtain in good faith a Form FR U-1 signed by the Obligors. Except as expressly set forth in paragraph 6, we express no opinion with respect to Regulation T of the Board of Governors of the Federal Reserve System.

G. We express no opinion as to the applicability to, or the effect of noncompliance by, any Noteholder with any state or federal laws applicable to the transactions contemplated by the Documents because of the nature of the business of such Noteholder.

This opinion is rendered to the Noteholders in connection with the Documents and may not be relied upon by any person other than the Noteholders or by the Noteholders in any other context, provided that the Noteholders may provide this opinion (i) to regulatory authorities should they so request or in connection with their normal examinations, (ii) to the independent auditors and attorneys of the Noteholders, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which any Noteholder is a party arising out of the transactions contemplated by the Documents, or (v) to proposed permitted transferees of the interests of any Noteholder under the Documents (provided that such delivery shall not constitute a re-issue or reaffirmation of this opinion as of any date after the date hereof). This opinion may not be quoted without the prior written consent of this firm.

Very truly yours,

/s/ Gibson, Dunn & Crutcher LLP

GIBSON, DUNN & CRUTCHER LLP

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[ALLENS ARTHUR ROBINSON LOGO]

ABN 47 702 595 758

The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Tel 61 2 9230 4000
Fax 61 2 9230 5333

1 November 2001

TO: Each Noteholder (as defined in the Second Amendment Agreement referred to below)

Correspondence
GPO Box 50
Sydney NSW 2001
DX 105 Sydney

www.aar.com.au

Dear Sirs

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

We have acted as Australian lawyers for James Hardie Aust. Investco Pty Limited (JHAI) and James Hardie Australia Finance Pty Limited (JHAF) in connection with the Second Amendment to Note Purchase Agreement (the SECOND AMENDMENT AGREEMENT) dated 22 October 2001 between James Hardie U.S Funding Inc, JHAI, JHAF, James Hardie N.V., James Hardie International Finance B.V. and the Noteholders.

Definitions in the Second Amendment Agreement apply in this opinion but RELEVANT COMPANY means JHAI or JHAF and RELEVANT JURISDICTION means the Commonwealth of Australia or New South Wales.

No assumption or qualification in this opinion limits any other assumption or qualification in it.

1. DOCUMENTS

We have examined the following documents:

(a) a fax copy of the executed Second Amendment Agreement;

(b) a certified copy of the constitution of JHAI;

(c) a copy of circulating resolutions of the directors of each Relevant Company; and

(d) executed powers of attorney from each Relevant Company in connection with the execution of the Second Amendment Agreement.

2. ASSUMPTIONS

For the purposes of giving this opinion we have assumed the following.

(a) The authenticity of all seals and signatures and of any duty stamp or marking.

(b) The completeness, and the conformity to original instruments, of all copies submitted to us, and that any document (other than the Second Amendment Agreement) or authorisation submitted to us continues in full force and effect.

(c) The Second Amendment Agreement is within the capacity and powers of, and has been validly authorised, executed and delivered by and is binding on, the parties to it other than each Relevant Company.

(d) Each Relevant Company enters the Second Amendment Agreement and carries out the transactions contemplated in the Second Amendment Agreement for its benefit and for the purposes of its business.

(e) No entity has engaged or will engage in misleading or unconscionable conduct or is or will be involved in or a party to any relevant transaction or any associated activity in a manner or for a purpose not evident on the face of the Second Amendment Agreement which might render the Second Amendment Agreement or any relevant transaction or associated activity in breach of law, void or voidable.

(f) The Second Amendment Agreement has been or will be executed outside each Relevant Jurisdiction.

(g) Insofar as any obligation under the Second Amendment Agreement is to be performed in any jurisdiction other than a Relevant Jurisdiction, its performance will not be illegal or unenforceable under the law of that jurisdiction.

(h) The Second Amendment Agreement constitutes or will on execution constitute legal, valid and binding obligations of each Relevant Company under the laws of New York enforceable in competent courts of that jurisdiction.

(i) Where a document has been submitted to us in draft form it will be executed in the form of that draft.

(j) Formalities for execution by each Relevant Company required by the law of the place of execution (other than a Relevant Jurisdiction) of the Second Amendment Agreement have been or will be complied with.

(k) The Second Amendment Agreement will be duly stamped in each jurisdiction where stamp duty is payable.

3. QUALIFICATIONS

Our opinion is subject to the following qualifications.

(a) We express no opinion as to any laws other than the laws of each Relevant Jurisdiction as in force at the date of this opinion.

(b) Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which courts in the Relevant Jurisdictions enforce. It does not mean that the obligation or document can necessarily be enforced in accordance with its terms in all circumstances. In particular:

(i) equitable remedies, such as injunction and specific performance, are discretionary; and

(ii) the enforceability of an obligation, document or security interest may be affected by statutes of limitation, by estoppel, waiver and similar principles, by the doctrine of frustration, by laws concerning insolvency, bankruptcy, liquidation, administration, enforcement of security interests or reorganisation, or by other laws generally affecting creditors' or counterparties' rights or duties.

(c) We have relied on a search of public records of the Australian Securities and Investments Commission on 1 November 2001. We note that records disclosed by such search may not be complete or up to date.

(d) We have relied on the assumptions specified in s129 of the Corporations Act 2001(Cth) and note that you may do so unless you knew or suspected that the assumption was incorrect.

(e) Any provision of the Second Amendment Agreement that certain calculations, determinations or certificates will be conclusive and binding will not apply if those calculations, determinations or certificates are fraudulent or manifestly inaccurate.

(f) Any clause providing for the severability of any provision of the Second Amendment Agreement may not be enforceable in accordance with its terms, as a court may reserve to itself a decision as to whether any provision is severable.

(g) The obligation of a party under the Second Amendment Agreement to pay interest on overdue amounts at a rate higher than the rate applying before the amount fell due may be held to constitute a penalty and be unenforceable.

(h) We express no opinion on any provision in the Second Amendment Agreement requiring written amendments and waivers insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed on or granted between or by the parties.

(i) The courts might not give full effect to an indemnity for legal costs or for penalties on taxes.

(j) Insofar as our opinions in paragraph 4 relate to the performance of the Second Amendment Agreement, those opinions are limited to the principal transactions contemplated by the Second Amendment Agreement. They do not extend to the performance of obligations under other documents referred to in the Second Amendment Agreement.

(k) A judgment by a court may be given in some cases only in Australian dollars.

(l) Purported waivers of statutory rights or agreements not to sue or agreements to agree or negotiate or consult may not be enforceable.

4. OPINION

Based on the assumptions and subject to the qualifications set out above we are of the following opinion.

(a) Each Relevant Company is incorporated under the laws of the Relevant Jurisdictions

(b) Each Relevant Company has the corporate power to enter into and perform its obligations under the Second Amendment Agreement.

(c) The execution, delivery and performance by each Relevant Company of the Second Amendment Agreement did not and will not violate in any respect any existing provision of:

(i) any law of any Relevant Jurisdiction; or

(ii) its constitution.

(d) (i) The Second Amendment Agreement has been duly authorised by each Relevant Company and is validly executed by each Relevant Company in accordance with the law of each Relevant Jurisdiction.

(ii) Under the law of each Relevant Jurisdiction, the law of the State of New York will be applied to the Second Amendment Agreement, and the Second Amendment Agreement will be enforceable in competent courts of each Relevant Jurisdiction, if the choice of that law was made in good faith, and except to the extent that (without limiting the assumptions and qualifications set out above):

(A) there are mandatory provisions of the law of the Relevant Jurisdiction which must be applied to a transaction covered by Second Amendment Agreement;

(B) any term of the Second Amendment Agreement or any provision of the law of the State of New York applicable to the Second Amendment Agreement, is contrary to the public policy of the Relevant Jurisdiction;

(C) the availability or enforceability of certain rights and remedies maybe governed or affected by the procedural laws of the Relevant Jurisdiction in courts of the Relevant Jurisdiction; and

(D) a court may determine that another court is a more appropriate forum.

(iii) We are not aware of any mandatory provisions within the terms of sub-paragraph (ii) above that affect enforceability save as set out in the assumptions and qualifications above.

(e) All authorisations under the laws of any Relevant Jurisdiction now obtainable and required in connection with the execution, delivery, performance, validity or enforceability of the Second Amendment Agreement have been obtained or effected and are in full force and effect.

(f) No stamp or registration or similar taxes or charges are payable under the laws of any Relevant Jurisdiction in connection with the execution, delivery, performance and enforcement of the Second Amendment Agreement or any transaction contemplated by it other than nominal duty and debits tax.

(g) Neither any Relevant Company nor any of its properties or assets has any immunity from the jurisdiction of any court or from legal process under the laws of any Relevant Jurisdiction.

(h) It is not necessary that any Noteholder should be licensed, qualified or otherwise entitled to carry on business under the laws of any Relevant Jurisdiction in order to enforce its rights under the Second Amendment Agreement or by reason only of the execution, delivery and performance of the Second Amendment Agreement.

(i) The courts of each Relevant Jurisdiction would give effect to the irrevocable submission of the Relevant Companies to the jurisdiction of the courts of the State of New York subject to an overriding jurisdiction of the courts of each Relevant Jurisdiction to determine that another court is a more appropriate forum.

(j) Any final and conclusive judgment of a court of the State of New York, having jurisdiction recognised by the Relevant Jurisdiction, in respect of an obligation of a Relevant Company under the Second Amendment Agreement, which is for a fixed sum of money, would be enforceable by action against the judgment debtor in the courts of each Relevant Jurisdiction without a re-examination of the merits of the issues determined by the proceedings in the court of New York unless:

(i) the proceedings in the New York court involved a denial of the principles of natural justice;

(ii) the judgment is contrary to the public policy of the Relevant Jurisdiction;

(iii) the judgment was obtained by fraud or duress;

(iv) the judgment is a penal or revenue judgment; or

(v) there has been a prior judgment in another court between the same parties concerning the same issues as are dealt with in the New York judgment.

This opinion is addressed to the Noteholders in connection with the Second Amendment Agreement and may not be relied upon by any other person other than the Noteholders or by the Noteholders in any other context, provided that the Noteholders may provide this opinion:

(a) to regulatory authorities should they so request or in connection with their normal examinations;

(b) to the independent auditors and attorneys of the Noteholders;

(c) pursuant to order or legal process of any court or governmental agency;

(d) in connection with any legal action to which any Noteholder is a party arising out of the transactions contemplated by the Second Amendment Agreement; or

(e) to proposed permitted transferees of the interests of any Noteholder under the Purchase Agreement (provided that such delivery shall not constitute a reissue or reaffirmation of this opinion as of any date after the date of this opinion).

Yours faithfully

/s/ Allen Allen & Hemsley

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LINKLATERS
& ALLIANCE

DE BRAUW BLACKSTONE WESTBROEK
ADVOCATEN NOTARISSEN BELASTINGADVISEURS

Tripolis 300 Burgerweeshuispad 301
Postbus 75084 1070AB Amsterdam

Telefoon: (020) 5771771
Telefax: (020) 5771775

To the holders of Notes (as defined below)
listed in annex 1 (the "NOTEHOLDERS")

Jan Marten van Dijk -- Advocaat
Amsterdam, 1 November 2001
Our ref.: f:\455\20175981\b013 (notes) final.doc\AH

Dear Sirs,

JAMES HARDIE INTERNATIONAL FINANCE B.V. AND JAMES HARDIE N.V.
SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT AND GUARANTEE

1 INTRODUCTION

I have acted on behalf of De Brauw Blackstone Westbroek N.V. as Dutch legal adviser (advocaat) to James Hardie International Finance B.V., with corporate seat in Amsterdam, ("INTERNATIONAL FINANCE") and James Hardie N.V., with corporate seat in Amsterdam, (the "GUARANTOR") in connection with the Agreements (as defined below).

2 DUTCH LAW

This opinion is limited to Dutch law as applied by the Dutch courts and published and in effect on the date of this opinion. It is given on the basis that all matters relating to it will be governed by, and that it (including all terms used in it) will be construed in accordance with, Dutch law.

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3 SCOPE OF INQUIRY; DEFINITIONS

For the purpose of this opinion, I have examined the following documents:

3.1 A photocopy of an executed copy of a note purchase agreement dated 5 November 1998 between James Hardie Finance B.V. ("FINANCE") as issuer, the Guarantor as guarantor and the purchasers listed in schedule A thereto (the "NOTE PURCHASE AGREEMENT"), under which Finance has issued guaranteed senior notes, series A through G, with an aggregate principle amount of USD 225,000,000, which are stated to be unconditionally and irrevocable guaranteed by the Guarantor (the "NOTES").

3.2 A faxed copy of an executed copy of an assignment and assumption agreement and first amendment to note purchase agreement dated as of 24 January 2000 between Finance as assignor, the Guarantor as guarantor, James Hardie U.S. Funding, Inc. ("FUNDING") as assignee, James Hardie Aust. Investco Pty. Limited (the "FIRST SUBSIDIARY GUARANTOR") as first subsidiary guarantor, and the holders of the Notes listed on the signature pages thereof (the "FIRST AMENDMENT AGREEMENT").

3.3 A faxed copy of an executed copy of a second amendment to note purchase agreement dated as of 22 October 2001 between Funding as issuer, the Guarantor as guarantor, the First Subsidiary Guarantor as first subsidiary guarantor, James Hardie Australia Finance Pty. Limited as second subsidiary guarantor, International Finance as third subsidiary guarantor, and the Noteholders (the "SECOND AMENDMENT AGREEMENT").

3.4 A faxed copy of an executed copy of a subsidiary guarantee of International Finance in favour of the Noteholders dated as of 22 October 2001 (the "GUARANTEE").

3.5 A notarial copy of International Finance's deed of incorporation and its articles of association as most recently amended on 3 August 2001 according to the trade register extract referred to in paragraph 3.6, both as filed with the chamber of commerce and industry for Amsterdam (the "CHAMBER OF COMMERCE").

3.6 A faxed copy of a trade register extract regarding International Finance provided by the Chamber of Commerce and dated 30 October 2001.

3.7 A faxed copy of a written resolution of International Finance's managing board (bestuur) dated 11 October 2001, including a power of attorney granted by International Finance to each of P.G. Morley, P.D. Macdonald, S.E. Harman, Trust international management (T.I.M.) B.V. ("T.I.M."), D.E. Cameron, J.C.L. van de Sanden, A.M.L. Kuijpers and A.T. Kneeshaw (the "INTERNATIONAL FINANCE POWER OF ATTORNEY").

3.8 A faxed copy of a written resolution of James Hardie Industries N.V. ("JHI NV") in its stated

capacity as International Finance's sole shareholder dated 12 October 2001.

3.9 A notarial copy of the Guarantor's deed of incorporation and its articles of association as most recently amended on 31 October 2000 according to the trade register extract referred to in paragraph 3.10, both as filed with the Chamber of Commerce.

3.10 A faxed copy of a trade register extract regarding the Guarantor provided by the Chamber of Commerce and dated 30 October 2001.

3.11 A faxed copy of a written resolution of the Guarantor's managing board (bestuur) dated 9 October 2001, including a power of attorney granted by the Guarantor to each of P.G. Morley, P.D. Macdonald, S.E. Harman, T.I.M., D.E. Cameron, J.C.L. van de Sanden, A.M.L Kuijpers and A.T. Kneeshaw (the "GUARANTOR POWER OF ATTORNEY").

3.12 A faxed copy of a written resolution of JHI NV and International Finance in their stated capacity as the Guarantor's only shareholders dated 10 October 2001.

3.13 A notarial copy of JHI NV's deed of Incorporation, a notarial copy of the deed of its transformation from a private company with limited liability into a limited liability company and its articles of association as most recently amended on 7 September 2001 according to the trade register extract referred to in paragraph 3.14, all as filed with the Chamber of Commerce.

3.14 A faxed copy of a trade register extract regarding JHI NV provided by the Chamber of Commerce and dated 24 October 2001.

3.15 A faxed copy of a notarial copy of T.I.M.'s deed of incorporation and its articles of association as most recently amended on 30 June 1993 according to the trade register extract referred to in paragraph 3.16, both as filed with the Chamber of Commerce.

3.16 A faxed copy of a trade register extract regarding T.I.M. provided by the Chamber of Commerce and dated 30 October 2001.

In addition, I have obtained the following confirmations given by telephone on the date of this opinion:

3.17 Confirmation from the Chamber of Commerce that the trade register extracts referred to in this paragraph 3 are up to date in all material respects.

3.18 Confirmation from the office of the bankruptcy division (faillissementsgriffie) of the Amsterdam district court that International Finance, the Guarantor and JHI NV are not registered as having been declared bankrupt or granted suspension of payments, and confirmation from the office of the bankruptcy division (faillissementsgriffie) of the Rotterdam district court that T.I.M. is not registered as having been declared bankrupt or granted suspension of payments.

My examination has been limited to the text of the documents and I have not investigated the meaning and effect of any document governed by a law other than Dutch law under that other law.

3.19 In this opinion:

"AGREEMENTS" means the Second Amendment Agreement and the Guarantee.

"POWERS OF ATTORNEY" means the International Finance Power of Attorney and the Guarantor Power of Attorney.

4 ASSUMPTIONS

For the purpose of this opinion, I have made the following assumptions:

4.1 All copy documents conform to the originals and all originals are genuine and complete.

4.2 Each signature is the genuine signature of the individual concerned.

4.3 All written resolutions referred to in paragraph 3 remain in full force and effect without modification. All confirmations referred to in paragraph 3 are true.

4.4 The Agreements, the Note Purchase Agreement and the First Amendment Agreement are within the capacity and powers of, and have been or will have been validly authorised and entered into by, each party other than International Finance and the Guarantor.

4.5 The Powers of Attorney remain in full force and effect without modification and no rule of law which under the The Hague Convention on the Law applicable to Agency 1978 applies or may be applied to the existence and extent of the authority of any person authorised to sign the Agreements on behalf of International Finance and the Guarantor under the Powers of Attorney, adversely affects the existence and extent of that authority as expressed in the Powers of Attorney.

4.6 The Agreements have been or will have been signed on behalf of International Finance and the Guarantor by a person named as Authorised Person in the Powers of Attorney.

4.7 When validly signed by all the parties, the Agreements are valid, binding and enforceable on each party under the laws of the State of New York ("NEW YORK LAW") by which they are expressed to be governed.

4.8 Under New York law, the choice of New York law as the governing law of the Guarantee applies to the submission to Jurisdiction of the New York courts pursuant to clause 5 of the Guarantee (the "JURISDICTION CLAUSE").

4.9 The Note Purchase Agreement and the First Amendment Agreement are valid, binding and enforceable on each party under New York law by which they are expressed to be governed.

4.10 The Agreements represent the entire agreement of the parties thereto with regard to their respective subject matter.

4.11 International Finance meets the criteria set out in the Regulation of the Minister of Finance of 4 February 1993 (Stcrt. 1993, 29) and will therefore not qualify as a credit institution (kredietinstelling) within the meaning of the 1992 Act on the Supervision of the Credit System (Wet toezicht kredietwezen 1992).

5 OPINION

Based on the documents end confirmations referred to and the assumptions in paragraphs 3 and 4 and subject to the qualifications in paragraph 6 and to any matters not disclosed to me, I am of the following opinion:

5.1 International Finance has been incorporated and is existing as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under Dutch law and the Guarantor has been incorporated and is existing as a limited liability company (naamloze vennootschap) under Dutch law.

5.2 International Finance has the corporate power to enter into and perform the Agreements and the Guarantor has the corporate power to enter into and perform the Second Amendment Agreement.

5.3 International Finance has taken all necessary corporate action to authorise its entry into and performance of the Agreements and the Guarantor has taken all necessary corporate action to authorise its entry into and performance of the Second Amendment Agreement.

5.4 The Agreements have been validly signed by International Finance and the Second Amendment Agreement has been validly signed by the Guarantor.

5.5 Under Dutch law there are no governmental or regulatory consents, approvals or authorisations required by International Finance for its entry into and performance of the Agreements or by the Guarantor for its entry into and performance of the Second Amendment Agreement.

5.6 Under Dutch law there are no registration, filing or similar formalities required to ensure the validity, binding effect and enforceability against International Finance of the Agreements and against the Guarantor of the Second Amendment Agreement.

5.7 The entry into and performance of the Agreements by International Finance do not violate Dutch law or International Finance's articles of association and the entry into and performance of the Second Amendment Agreement by the Guarantor do not violate Dutch law or the Guarantor's

articles of association.

5.8 Under Dutch law the choice of New York law as the governing law of the Agreements is recognised and accordingly New York law governs the validity, binding effect and enforceability against International Finance of the Agreements and against the Guarantor of the Second Amendment Agreement.

5.9 A judgment rendered by a court in New York will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in New York (the "FOREIGN COURT") which is enforceable in the United States of America (the "FOREIGN JUDGMENT") and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and unless the foreign judgment contravenes Dutch public policy.

5.10 Under Dutch law in proceedings in a court in New York, New York law determines the validity, binding effect and enforceability against International Finance and the Guarantor of the Jurisdiction Clause.

6 QUALIFICATIONS

This opinion is subject to the following qualifications:

6.1 This opinion is subject to any limitations arising from bankruptcy, insolvency, liquidation, moratorium, reorganisation and other laws of general application relating to or affecting the rights of creditors.

6.2 Under Dutch law, notwithstanding the recognition of New York law as the governing law of this Agreements:

- effect may be given to the law of another jurisdiction with which the situation has a close connection, insofar as, under the law of that jurisdiction, that law is mandatory irrespective of the governing law of the Agreements;

- Dutch law will be applied insofar as it is mandatory irrespective of the governing law of the Agreements;

- the application of New York law may be refused if it is manifestly incompatible with Dutch public policy;

- regard will be had to the law of the jurisdiction in which performance takes place in relation to the manner of performance and the steps to be taken in the event of defective performance.

6.3 The enforcement in a Dutch court of the Agreements and of foreign judgments is subject to Dutch rules of civil procedure.

6.4 Under Dutch law, a power of attorney can be made irrevocable only (i) insofar as it has been granted for the purpose of performing a legal act in the interest of the authorised person or a third party and (ii) subject to any amendments made or limitations imposed by the courts on serious grounds (gewichtige redenen).

6.5 In proceedings in a Dutch court for the enforcement of the Agreements, the court may mitigate amounts due in respect of litigation and collection costs.

6.6 To the extent that Dutch law applies, a legal act (rechtshandeling) performed by a person (including (without limitation) a guarantee pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having a similar effect) may be nullified by any of its creditors, if (i) it performed the act without an obligation to do so (onverplicht), (ii) the creditor concerned was prejudiced as a consequence of the act and (iii) at the time the act was performed both it and (unless the act was for no consideration (om niet)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced.

6.7 If a legal act (rechtshandeling) performed by a Dutch legal entity (including (without limitation) a guarantee pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having a similar effect) is not in the entity's corporate interest, the act may (i) exceed the entity's corporate power, (ii) violate its articles of association and (iii) be nullified by it if the other party or parties to the act knew or should have known that the act is not in the entity's corporate interest.

6.8 The trade register extracts referred to in paragraph 3 do not provide conclusive evidence that the facts set out in it are correct. However, under the 1996 Trade Register Act (Handelsregisterwet 1996), subject to limited exceptions, a company cannot invoke the incorrectness or incompleteness of its trade register registration against third parties who were unaware of it.

6.9 The confirmations from the office of the bankruptcy division referred to in paragraph 3 do not provide conclusive evidence that International Finance, the Guarantor, JHI NV or T.I.M. have not been declared bankrupt or granted suspension of payments.

6.10 I do not express any opinion as to any taxation matters.

7 RELIANCE

This opinion is solely for your benefit and solely for the purpose of the Agreements. It is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any other purpose or quoted or referred to in any public document or filed with anyone without my written consent. A

copy may, however, be provided to your legal advisers solely for the purpose of the Agreements and of giving their opinion and subject to the same restrictions.

Yours faithfully,

/s/ Jan Marten Van Dijk

JAN MARTEN VAN DIJK
for De Brauw Blackstone Westbroek N.V.

ANNEX 1

The Prudential Insurance Company of America
Connecticut General Life Insurance Company (CIG & Co.)
Connecticut General Life Insurance Company on behalf of one or more separate accounts (CIG & Co.)
Life Insurance Company of North America (CIG & Co.)
Metropolitan Life Insurance Company
Texas Life Insurance Company
Principal Life Insurance Company
USAA Life Insurance Company (Salkeld & Co.)
The Paul Revere Life Insurance Company (Cudd & Co.)
The Guardian Life Insurance Company of America (Cudd & Co.)
Massachusetts Mutual Life Insurance Company
CM Life Insurance Company
American Investors Life Insurance Company (Salkeld & Co.)
Ohio National Life Assurance Corporation
State Farm Life Insurance Company
Ameritas Life Insurance Corp.

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WILLKIE FARR & GALLAGHER

787 Seventh Avenue
New York, NY 10019-6099

212 728 8000
Fax: 212 728 8111

November 1, 2001

To each of the Noteholders
listed in Schedule A hereto

Re: James Hardie U.S. Funding, Inc.
6.86% Guaranteed Senior Notes due 2004, Series A--$24,000,000
6.92% Guaranteed Senior Notes due 2005, Series B--$35,000,000
6.99% Guaranteed Senior Notes due 2006, Series C--$37,000,000
7.05% Guaranteed Senior Notes due 2007, Series D--$11,000,000
7.12% Guaranteed Senior Notes due 2008, Series E--$63,000,000
7.24% Guaranteed Senior Notes due 2010, Series F--$20,000,000
7.42% Guaranteed Senior Notes due 2013, Series G--$35,000,000

Ladies and Gentlemen:

We have acted as your special counsel in connection with the execution and delivery of (i) the Second Amendment to Note Purchase Agreement made and entered into as of October 22, 2001 (the "Amendment"), by and among by James Hardie U.S. Funding, Inc., a Nevada corporation (the "Issuer"), James Hardie N.V., a company incorporated under the laws of the Netherlands (the "Guarantor"), James Hardie Aust. Investco Pty. Limited, a company organized under laws of Australia (the "First Subsidiary Guarantor"), James Hardie Aust. Finance Pty. Limited, a company organized under laws of Australia (the "Second Subsidiary Guarantor"), James Hardie International Finance B.V., a company incorporated under the laws of the Netherlands (the "Third Subsidiary Guarantor"), and certain holders of the above-referenced Guaranteed Senior Notes (the "Notes"), and (ii) the Guaranty, effective as of October 22, 2001 (the "Guaranty"), executed by the Third Subsidiary Guarantor in favor of holders of the Notes. The Issuer, the Guarantor, the First Subsidiary Guarantor, the Second Subsidiary Guarantor and the Third Subsidiary Guarantor are referred to herein, collectively, as the "James Hardie Entities". All terms used herein which are defined in the Amendment are used as so defined.

We have examined such corporate records of the James Hardie Entities, agreements and other instruments, certificates of public officials and of officers and representatives of the James Hardie Entities, and such other documents, as we have deemed necessary in connection with the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of documents submitted to us as originals and the conformity with the authentic originals of all documents submitted to us as copies. As to questions of fact material to such opinions we have, when relevant facts were not independently established, relied upon the

representations set forth in the Amendment and upon certifications by officers or other representatives of the James Hardie Entities.

Based upon the foregoing and having regard for legal considerations that we deem relevant, we render our opinion to you pursuant to the Amendment as follows:

1. Each of the Purchase Agreement (as amended by the Amendment) and the Amendment constitutes a legal, valid and binding obligation of each James Hardie Entity executing the same, enforceable against such James Hardie Entity in accordance with its terms.

2. The Guaranty constitutes a legal, valid and binding obligation of the Third Subsidiary Guarantor, enforceable against the Third Subsidiary Guarantor in accordance with its terms.

3. No consent, approval or authorization of, or declaration, qualification, registration or filing with, any New York or United States Federal governmental authority is required for the valid execution and delivery of the Amendment or the Guaranty.

We have examined the opinions of Gibson, Dunn & Crutcher LLP, special counsel to the James Hardie Entities, De Brauw Blackstone Westbroek N.V., Netherlands counsel to the Guarantor and the Third Subsidiary Guarantor, and Allens Arthur Robinson, Australian counsel for the First Subsidiary Guarantor and the Second Subsidiary Guarantor, each dated today and delivered to you pursuant to Section 15.3 of the Amendment, which opinions are satisfactory to us in form and substance with respect to the matters respectively specified therein and we believe that both you and we are justified in relying thereon. We call to your attention the fact that in approving the substance of said opinions we have not made an investigation sufficient to enable us to express an independent opinion with respect to the substantive matters covered by said opinions (other than substantive matters governed by United States Federal laws or the laws of the State of New York and specifically covered by this opinion); however nothing has come to our attention that would cause us to disagree with the legal conclusions expressed in any of said opinions as to any such matters.

The opinions expressed above as to the enforceability of any agreement or instrument in accordance with its terms are subject to the exception that such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion as to any provision in the Purchase Agreement (as amended by the Amendment) or the Guaranty insofar as such provisions relate to (a) the subject matter jurisdiction of a United States Federal District Court sitting in New York to adjudicate any controversy relating to the Note Purchase Agreements or the Notes, or (b) the waiver of inconvenient forum with respect to proceedings in any such United States Federal District Court.

We are members of the bar of the State of New York and do not herein intend to express any opinion as to any matters governed by any laws other than United States Federal laws and the laws of the State of New York. To the extent that the opinions expressed above involve matters governed by Netherlands law, Australian law or Nevada law, we have relied upon the aforementioned opinions of De Brauw Blacksone Westbroek N.V., Allens Arthur Robinson and Gibson, Dunn & Crutcher LLP, respectively, and our conclusions as to such matters are subject to the same assumptions, limitations and qualifications as are contained in said opinions.

Very truly yours,

/s/ Willkie Farr & Gallagher

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SCHEDULE A

The Prudential Insurance Company of America

Connecticut General Life Insurance Company

Life Insurance Company of North America

Metropolitan Life Insurance Company

Texas Life Insurance Company

Principal life Insurance Company

USAA Life Insurance Company

The Paul Revere Life Insurance Company

Massachusetts Mutual Life Insurance Company

CM Life Insurance Company

The Guardian Life Insurance Company of America

American Investors Life Insurance Company

Ohio National Life Assurance Corporation

State Farm Life Insurance Company

Ameritas Life Insurance Corp.

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SECRETARY OF STATE

[SEAL STATE OF NEVADA]

CERTIFICATE OF EXISTENCE
(INCLUDING AMENDMENTS)

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that I am, by the laws of said State, the custodian of the records relating to filings by corporations, limited-liability companies, limited partnerships, limited-liability partnerships and business trusts pursuant to Title 7 of the Nevada Revised Statutes which are either presently in a status of good standing or were in good standing for a time period subsequent of 1976 and am the proper officer to execute this certificate.

I further certify that the records of the Nevada Secretary of State, at the date of this certificate, evidence, JAMES HARDIE U.S. FUNDING, INC., A NEVADA CORPORATION, as a corporation duly organized under the laws of Nevada and existing under and by virtue of the laws of the State of Nevada since October 28,1999, and is in good standing in this state.

I FURTHER CERTIFY, that the above corporation has Articles of Incorporation and no amendments on file in this office as of the date of this certificate.

[SEAL]

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office, in Carson City, Nevada, on October 30, 2001.

/s/ Dean Heller

Secretary of State

By: /s/ Jacqueline Curry

Certification Clerk

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CT CORPORATION SYSTEM

November 2, 2001

VIA REGULAR MAIL & FACSIMILE

John E. Stoner, Esq.
GIBSON, DUNN & CRUTCHER LLP
4 Park Plaza
Irvine, CA 92614-8557

RE: Designated Agent for Service of Process in connection with the Guaranty entered into as of October 22, 2001, by James Hardie International Finance B.V., a company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam, the Netherlands, in favor of the Noteholders.

Order Number: 4892273

Dear Mr. Morley:

CT Corporation System with an address of 111 8th Avenue, New York, New York 10011 hereby accepts its appointment as agent for service of process for JAMES HARDIE INTERNATIONAL FINANCE B.V. in connection with the above referenced Agreement.

We understand any process received by us shall be forwarded to:

Phil Morley, Managing Director
James Hardie International Finance B.V.
26300 La Alameda
Suite 250
Mission Viejo, CA 92691

We acknowledge receiving US$2,585.00 Dollars as payment for this appointment. This amount consists as payment for the following: our annual charge for this appointment, one time service charge, communications and Federal Express fees. Unless we are notified otherwise, our service will expire on November 5, 2013.

Very truly yours,
CT Corporation System

/s/ Veronica Chavez
Veronica Chavez
Customer Specialist

cc: Phil Morley
Stephanie Sterling

818 West Seventh Street
Suite 200
Los Angeles, CA 90017
Tel. 213 243 9265
Fax 213 614 7903
lis_los_angeles_team_2@cch-lis.com

A CCH LEGAL INFORMATION SERVICES COMPANY
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EXHIBIT 2.22

MALLESONS STEPHEN JAQUES

James Hardie - Common Terms Deed Poll

Dated June 2005

James Hardie International Finance B.V. ("BORROWER" and "OBLIGORS' AGENT")
James Hardie Industries N.V. ("GUARANTOR")

MALLESONS STEPHEN JAQUES
Level 60
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.mallesons.com
Ref: GNH:YC:NW

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JAMES HARDIE - COMMON TERMS DEED POLL
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JAMES HARDIE - COMMON TERMS DEED POLL

Details

INTERPRETATION - Definitions are in clause 1.

PARTIES	BORROWER AND GUARANTOR, each as described below.	
BORROWER	Name	James Hardie International Finance B.V.
	Corporate seat	Amsterdam
	Registered Number	34108775
	Address	8th Floor, Atrium, Unit 08 Strawinskylaan 3077 1077 ZX Amsterdam The Netherlands
	Fax	+ 31 20 404 2544
	Attention	Treasurer
GUARANTOR	Name	James Hardie Industries N.V.
	Corporate seat	Amsterdam
	Registered Number	34106455
	ABN	49 097 829 895
	Address	8th Floor, Atrium, Unit 08 Strawinskylaan 3077 1077 ZX Amsterdam The Netherlands
	Fax	+ 31 20 404 2544
	Attention	Managing Director and Company Secretary
IN FAVOUR OF:	Each Creditor as defined in this deed.	
DATE OF DEED	See Signing page	

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JAMES HARDIE - COMMON TERMS DEED POLL

General terms

1 INTERPRETATION

1.1 DEFINITIONS

These meanings apply unless the contrary intention appears:

A$, AUD or AUSTRALIAN DOLLARS means the lawful currency of Australia.

ASX CNW ANNOUNCEMENT means any release of information by the Guarantor through the Australian Stock Exchange concerning any event or circumstance affecting the financial position of the Group in a manner which would affect the calculation of Consolidated Net Worth and which sets out specific details of the balance sheet impact of such event or circumstance.

ASX CNW ANNOUNCEMENT DATE means the date on which an ASX CNW Announcement is made.

AUTHORISATION means:

(a) any consent, registration, filing, agreement, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency; and

(b) any consent or authorisation regarded as given by a Government Agency due to the expiration of the period specified by a statute within which the Government Agency should have acted if it wished to proscribe or limit anything already lodged, registered or notified under that statute.

AUTHORISED OFFICER means:

(a) in the case of a Creditor, a director or secretary of the Creditor, or an officer of that party whose title contains the word "director", "chief", "head", "president", "vice-president", "executive" or "manager", or a person performing the functions of any of them, or any other person appointed by the Creditor as an Authorised Officer for the purposes of a Transaction Document;

(b) in the case of an Obligor, a person appointed by the Obligor and notified to the Creditor as an Authorised Officer for the purposes of a Transaction Document, and whose specimen signature is provided with such notification to the Creditor.

BORROWER means the person so described in the Details and any new borrower under clause 14.1 ("New Borrowers") and, if there are more than one, means each of them individually and every two or more of them jointly.

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It excludes any person released pursuant to clause 14.2 ("Release of Borrowers").

BREAK COSTS means the actual costs and losses which a Creditor certifies (with reasonable details) that it has suffered or incurred by reason of:

(a) the liquidation or re-employment of deposits or other funds acquired or contracted for by the Creditor to fund or maintain financial accommodation under a Facility; or

(b) the termination or reversing of any agreement or arrangement entered into by the Creditor to hedge, fix or limit its effective cost of funding in relation to a Facility,

but excluding any loss of margin.

BUSINESS DAY means a weekday (not being a public holiday) on which:

(a) in respect of a day on which the interest rate under a Facility Agreement is required to be determined and for the purposes of giving drawdown notices and selection notices under a Facility Agreement, banks are open for general banking business in London;

(b) for the purposes of making or receiving any payments in US Dollars, banks are open for general banking business in London, New York and Sydney;

(c) for the purpose of making or receiving any payments in another currency, banks are open for general banking business in such place or places specified in a relevant Facility Agreement; and

(d) for all other purposes, banks are open for general banking business in Amsterdam, Sydney and any other place specified in a relevant Facility Agreement.

CAPITAL LEASE means, at any time, a lease with respect to which the lessee is required concurrently to recognise the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

CAPITAL LEASE OBLIGATION means, with respect to any Group Member (other than an Excluded Entity) and a Capital Lease, the amount of the obligation of such Group Member as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Group Member.

CHANGE OF CONTROL means the Guarantor becoming a Subsidiary (as defined in the Corporations Act) of another person.

COMPENSATION PROVISION means, at any time, the aggregate amount (without double counting) of provisions made by the Group at that time in accordance with GAAP for asbestos related liabilities (including, without limitation, obligations to fund or pay compensation pursuant to the Principal Deed).

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CONSOLIDATED FUNDED CAPITALISATION means, at any time, the sum of Consolidated Net Worth and Consolidated Funded Debt at that time.

CONSOLIDATED FUNDED DEBT means, as of any date of determination, the total of all Funded Debt of the Group outstanding on that date, after eliminating:

(a) all Funded Debt (if any) of the Excluded Entities; and

(b) all offsetting debits and credits between any Group Members (excluding the Excluded Entities) and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Group in accordance with GAAP.

CONSOLIDATED NET WORTH means, at any date of determination, the sum of:

(a) the par value (or value stated in the books of the Group) of the capital stock (but excluding treasury stock and capital stock subscribed and unissued) of the Group; and

(b) the amount of the paid-in capital and retained earnings of the Group,

plus the Compensation Provision on that date (and eliminating all other consequential balance sheet impacts relating to the Compensation Provision), in each case as such amounts would be shown on the consolidated balance sheet of the Group prepared:

(c) as if the Excluded Entities were not Subsidiaries of the Guarantor (to the intent that the assets, liabilities and other balance sheet items of all Excluded Entities shall be excluded in calculating Consolidated Net Worth); and

(d) in accordance with GAAP,

on the most recent Reporting Date or, where applicable, on the most recent ASX CNW Announcement Date, to the extent such amounts have been adjusted to reflect the content of any ASX CNW Announcement which post-dates such balance sheet.

CONSOLIDATED PERMITTED EXTERNAL FINANCIAL INDEBTEDNESS means, as of any date of determination, the total of all Permitted External Financial Indebtedness of the Group outstanding on that date, after eliminating all offsetting debits and credits between any Group Members (excluding the Excluded Entities) and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Group in accordance with GAAP.

CONTROLLER has the meaning it has in the Corporations Act.

CORPORATIONS ACT means the Corporation Act 2001 of Australia.

COSTS means costs, fees, disbursements, charges and expenses, including, without limitation where an Obligor is liable to pay or reimburse the Costs, those incurred in connection with advisers and, unless an Event of Default is

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subsisting, only for an amount and on a basis previously agreed to in writing by the Obligor.

CREDITOR means each party nominated as a "Creditor" under a Facility Nomination Letter (and includes in the case of any syndicated facility, the facility agent) and, if there are more than one, means each of them individually but not jointly. It does not include any Group Member.

DEED OF RELEASE means a deed poll in the form of schedule 5 ("Form of Deed of Release").

DEFAULT RATE means, in respect of a Transaction Document, the rate of interest specified in that document as payable on any amount not paid under the document on the due date for payment.

DETAILS means the section of this deed headed "Details".

DIRECTIVE means:

(a) a law; or

(b) a treaty, official directive, regulation, request, guideline or policy (whether or not having the force of law) with which responsible financiers generally comply in carrying on their business.

DUE CURRENCY means, in respect of any payment to be made under a Transaction Document, the currency in which that payment is due.

DUTCH BANKING ACT EXEMPTION REGULATION means the Dutch 1992 Banking Act Exemption Regulation (Vrijstellingsregeling Wtk 1992).

EBIT means the operating profit of the Group, on a consolidated basis, before adjustments for:

(a) significant, extraordinary, abnormal or exceptional items;

(b) items recognised in connection with the Special Commission of Inquiry into Medical Research and Compensation Foundation and other related expenses; and

(c) income tax,

but after:

(d) adding back Net Interest Charges and all items referred to in paragraphs (a) to (e) of the definition of "Net Interest Charges" that were deducted in deriving the operating profit figure of the Group; and

(e) eliminating all income, expense and other profit and loss statement impact of the Excluded Entities,

determined in each case by reference to the latest audited consolidated financial statements of the Group delivered under clause 9.6(b). It excludes

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any earnings from any Project Activities if these are derived from Project Vehicles or Project Property over which there exist Security Interests (unless such earnings have actually been received in cash by an Obligor).

ENVIRONMENTAL LAWS means any and all applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licences, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

EVENT OF DEFAULT means an Event of Default set out in clause 10.1 ("Events of Default").

EXCHANGE ACT means the Securities Exchange Act 1934 of the United States of America.

EXCLUDED ENTITY means the Fund and each of the following entities:

(a) Amaba Pty Limited (ACN 000 387 342);

(b) Amaca Pty Limited (ACN 000 035 512);

(c) ABN 60 Pty Limited (ACN 000 009 263); and

(d) Marlew Mining Pty Limited (formerly known as Asbestos Mines Pty Limited) (ACN 000 049 650),

and any other entity agreed in writing by the Guarantor and each Creditor (or, in the case of a syndicated facility, the facility agent).

EXCLUDED TAX means:

(a) a Tax imposed by any jurisdiction on or assessed against a Creditor as a consequence of the Creditor being a resident of or organised in or doing business in that jurisdiction, but not any Tax:

    (i) that is calculated on or by reference to the gross amount of a payment derived under a Transaction Document or another document referred to in a Transaction Document (without the allowance of a deduction);

    (ii) that is imposed as a result of the Creditor being considered a resident or organised or doing business in that jurisdiction solely as a result of it being a party to a Transaction Document or a transaction contemplated by a Transaction Document; or

(b) a Tax which would not be required to be deducted by an Obligor if, before the Obligor makes a relevant payment, a relevant Creditor provided the Obligor with any of its name, address, registration

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number or similar details or any relevant tax exemption or similar details.

FACILITY means any facility under a Facility Agreement.

FACILITY AGREEMENT means each agreement to which a Creditor (together with any other persons) and a Borrower are party, which is nominated as a "Facility Agreement" in a Facility Nomination Letter.

FACILITY NOMINATION LETTER means a letter substantially in the form set out in schedule 2 ("Facility Nomination Letter") in favour of a person (not being a Group Member) providing financial accommodation to a Borrower (or any agent or trustee on that person's behalf).

FINANCE GUARANTEE means the guarantee to be given by the Guarantor, in replacement of and to substantially the same effect as the Interim Guarantees, for the benefit of the Creditors party to the Interim Guarantees and other persons nominated in accordance with the guarantee.

FINANCIAL INDEBTEDNESS means, with respect to any Group Member, without double counting:

(a) its liabilities for borrowed money (including all liabilities in respect of letters of credit (excluding letters of credit and performance guarantees posted in respect of payment of accounts payable arising in the ordinary course of business) or instruments serving a similar function issued or accepted for its account by banks and other financial institutions);

(b) its liabilities for the deferred purchase price (for more than 90 days) of property acquired by such Group Member (excluding accounts payable arising in the ordinary course of business);

(c) its Capital Lease Obligations;

(d) all Preferred Stock of Subsidiaries (excluding the Excluded Entities) of such Group Member which is not owned by such Group Member or a Wholly Owned Subsidiary of such Group Member; and

(e) any Guarantee of such Group Member with respect to liabilities of a type described in any of paragraphs (a) to (d) of this definition.

FINANCIAL YEAR means each year ending on 31 March.

FREE CASH FLOW has the meaning given to that term in the Principal Deed.

FUND means the trustee of the special purpose fund contemplated by the Principal Deed, in its capacity as trustee of that special purpose fund.

FUND GUARANTEE means the guarantee to be given by the Guarantor in favour of the Fund and the State of New South Wales in accordance with the Principal Deed and in the form of an Annexure to the Guarantee and Subordination Documents.

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FUNDED DEBT means, at any time, with respect to any Group Member (other than an Excluded Entity), all drawn and outstanding Financial Indebtedness (other than Non-Recourse Debt) of such Group Member owing to any person outside the Group (other than an Excluded Entity) at that time.

GAAP means generally accepted accounting principles as in effect from time to time in the United States of America.

GOVERNMENT AGENCY means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity having jurisdiction over, or in relation to the affairs of, a Group Member and, for the avoidance of doubt, includes, without limitation, the Australian Taxation Office, the US Internal Revenue Service and the Dutch tax authorities.

GROUP means the Guarantor and its Subsidiaries and GROUP MEMBER means any one of them.

GUARANTEE means any guarantee, suretyship, letter of credit, or any other obligation (whatever called and of whatever nature):

(a) to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of;

(b) to indemnify any person against the consequences of default in the payment of; or

(c) to be responsible for,

any debt or monetary liability of another person or the assumption of any responsibility or obligation in respect of the insolvency or the financial condition of any other person.

GUARANTEE AND SUBORDINATION DOCUMENTS means one or more documents to be entered into by the Guarantor and others comprising:

(a) the Finance Guarantee; and

(b) subordination arrangements under which the rights of the Fund and the State of New South Wales against the Guarantor under the Fund Guarantee will be subordinated to the rights of the beneficiaries of the Finance Guarantee against the Guarantor under the Finance Guarantee.

GUARANTOR means the person so described in the Details.

INDIRECT TAX means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

INTERIM GUARANTEES means the deeds, each entitled "James Hardie - Guarantee Deed", entered into by the Guarantor and the Creditors severally on or about the date of this deed.

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JHIF means James Hardie International Finance B.V.

MAJORITY CREDITOR means:

(a) in relation to a syndicated or capital markets facility, the Creditors who form a "majority" (howsoever described) as defined under that Facility or all such Creditors, to the extent so required under that facility;

(b) in relation to a bilateral facility, the Creditor under that facility.

MATERIAL ADVERSE EFFECT means a material adverse effect on:

(a) the ability of each Borrower to perform its obligations to pay Outstanding Moneys when the same are due or within any applicable grace period; or

(b) the ability of the Guarantor to perform its obligations under the relevant Interim Guarantee or the Finance Guarantee in favour of the Creditor when the same are due or within any applicable grace period; or

(c) the validity or enforceability of the Transaction Documents.

MATERIAL SUBSIDIARY means any Subsidiary of the Guarantor (other than an Excluded Entity) whose total assets at the time of determination (consolidated in the case of a Subsidiary which itself has one or more Subsidiaries) represent not less than 15% of Consolidated Net Worth at that time.

NET INTEREST CHARGES for a period means all interest and amounts in the nature of interest or of similar effect to interest, paid or payable by the Group (excluding the Excluded Entities), on a consolidated basis, less interest income received by or arising to the Group (excluding the Excluded Entities), on a consolidated basis, in the same period for which such Net Interest Charges are being determined, in each case by reference to the financial statements referred to in clause 9.6. It excludes:

(a) any swap break or reset costs incurred and paid as part of any termination of any hedging or facility;

(b) any break costs, early redemption premium, make-whole payments, liquidated damages or other penalties (howsoever described) incurred and paid in connection with the prepayment of any facility;

(c) capitalising interest under any agreement for the provision of Financial Indebtedness to a Group Member which is in the nature of:

(i) a construction facility to fund capital expenditure to be undertaken by a Group Member (but only while that capitalising interest is not payable under the terms of that agreement); or

(ii) a capital-indexed or zero coupon debt instrument which contractually allows the capitalisation of interest;

(d) establishment, arrangement, underwriting and other fees payable once only on the initial provision of financial accommodation;

(e) all interest and amounts in the nature of interest, and any other amounts of the kind referred to in paragraphs (a) to (d) above, relating to:

(i) Subordinated Debt;

(ii) hybrid capital;

(iii) Non-Recourse Debt; or

(iv) a loan under which financial accommodation is provided from one Group Member (not being an Excluded Entity) to another Group Member (not being an Excluded Entity).

NEW BORROWER means a person who executes a New Borrower Deed Poll in accordance with clause 14.1 ("New Borrowers").

NEW BORROWER DEED POLL means each deed poll entered into by a New Borrower substantially in the form set out in schedule 3 ("Form of New Borrower Deed Poll").

NON-AUSTRALIAN OBLIGOR means an Obligor which is not resident or incorporated in Australia.

NON-RECOURSE DEBT means any Project Debt if, and for so long as:

(a) the person to whom the Project Debt is owed does not have recourse (whether by way of execution, set-off or otherwise) to a Group Member or its assets for the payment or repayment of the Project Debt other than to assets which the Security Interest ("PROJECT SECURITIES") securing that Project Debt are permitted to extend to under paragraph (h) of the definition of Permitted Security Interest (that person, and any agent or trustee on that person's behalf, being a "NON-RECOURSE FINANCIER"); and

(b) the Non-Recourse Financier may not seek to wind up or place into administration, or pursue or make a claim in the winding up or administration of, any other Group Member to recover or to be repaid that Project Debt; and

(c) the Non-Recourse Financier cannot obtain specific performance or a similar remedy with respect to any obligation of another Group Member to pay or repay that Project Debt; and

(d) the Non-Recourse Financier and any receiver, receiver and manager, agent or attorney appointed under the Project Securities, may not incur a liability on behalf of, or for the account of, a Group Member

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which liability itself is not subject to the above paragraphs as if references to Project Debt in those paragraphs included that liability.

For the avoidance of doubt, if Project Debt is incurred or owed by a Group Member which is not a Project Vehicle, then the tests in paragraphs (b) and (c) above must also be satisfied in respect of that Group Member in order for the Project Debt to qualify as Non-Recourse Debt.

OBLIGOR means:

(a) a Borrower; or

(b) the Guarantor.

OBLIGORS' AGENT means JHIF.

OUTSTANDING MONEYS means all debts and monetary liabilities of each Obligor to a Creditor under or in relation to any Transaction Document and in any capacity, irrespective of whether the debts or liabilities:

(a) are present or future;

(b) are actual, prospective, contingent or otherwise;

(c) are at any time ascertained or unascertained;

(d) are owed or incurred by, or on account of, that Obligor alone or severally or jointly with any other person;

(e) are owed to or incurred for the account of that Creditor alone or severally or jointly with any other person;

(f) are owed or incurred as principal, interest, fees, charges, taxes, duties or other imposts, damages (whether for breach of contract or tort or incurred on any other ground), losses, costs or expenses, or on any other account; or

(g) comprise any combination of the above.

PERMITTED EXTERNAL FINANCIAL INDEBTEDNESS means Financial Indebtedness of a Group Member (other than an Obligor or an Excluded Entity) owing to any person outside the Group under or in connection with:

(a) a working capital facility;

(b) a transactional banking facility;

(c) a Capital Lease;

(d) Non-Recourse Debt;

(e) a "soft loan" or other form of financial accommodation given to a Group Member by a Government Agency in connection with capital

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works or expansion plans undertaken by that Group Member or any other Group Member; or

(f) any financial accommodation which, in the opinion of the Guarantor, it is preferable for the relevant Group Member to raise from external sources (rather than by an intra-Group borrowing) for reasons based on economic advantage, administrative convenience and/or legal, structural, political and/or tax considerations.

PERMITTED SECURITY INTEREST means:

(a) a Security Interest created by operation of law or otherwise to secure taxes, assessments or other governmental charges which are not more than 90 days overdue or are being contested in good faith;

(b) a Security Interest which a Group Member is required to create by any applicable law or is required or considers it necessary or expedient to create in order to obtain, maintain or renew any Authorisation;

(c) a Security Interest created by operation of law or otherwise in favour of a landlord, carrier, warehouseman, mechanic, materialman or other supplier (including rights by way of reservation or retention of title to property) or other similar Security Interest, in each case, incurred in the ordinary course of business for sums which are not more than 90 days overdue or are being contested in good faith;

(d) a Security Interest incurred, or deposits made, in the ordinary course of business:

(i) in connection with workers' compensation, unemployment insurance and other types of social security, employment or retirement benefits; or

(ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations,

in each case not incurred or made:

(A) in connection with the borrowing of money, the obtaining of advances or credit or payment of the deferred purchase price of property; nor

(B) to secure obligations due under the Principal Deed or any Related Agreement (as defined in the Principal Deed);

(e) a Security Interest in respect of a judgment debt of a Group Member, provided that the judgment is discharged or execution of it is stayed

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(permanently or pending appeal) within 90 days of entry thereof or adequate reserves have been provided for it;

(f) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Group;

(g) a Security Interest on property or assets of a Group Member (not being an Excluded Entity) securing Financial Indebtedness owing to another Group Member (not being an Excluded Entity);

(h) a Security Interest existing or created under or in respect of Non-Recourse Debt facilities where the party holding any such Security Interest has security over Project Property or Project Vehicles only but no right of recourse to an Obligor or any Obligor's other assets;

(i) a Security Interest created on any asset or group of associated assets acquired by a Group Member or developed by a Group Member after the date of this deed:

(i) for the sole purpose of financing or refinancing that acquisition or development; and

(ii) securing principal moneys not exceeding one hundred per cent (100%) of the cost of that acquisition or development;

(j) a Security Interest existing at the time of acquisition on any asset acquired by a Group Member after the date of this deed and not created in contemplation of the acquisition, provided that there is no increase in the amount of the principal moneys secured by that Security Interest;

(k) a Security Interest existing on property of a person immediately prior to its being consolidated with or merged into a Group Member or its becoming a Group Member (by becoming a Subsidiary of the Guarantor), provided that the Security Interest was not created in contemplation of the consolidation, merger or acquisition and there is no increase in the amount of the principal moneys secured by that Security Interest;

(l) any Security Interest existing at the date of this deed provided there is no increase in the amount of the principal moneys secured by that Security Interest;

(m) a Security Interest replacing, renewing, extending or refunding any Security Interest permitted by paragraph (i), (j), (k), (l) or (m), provided that:

(i) the principal moneys secured by such Security Interest immediately prior to such replacement, renewal, extension or

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refunding is not increased or the maturity thereof reduced; and

(ii) the Security Interest is not extended to any other property;

(n) a Security Interest created with the prior written consent of each Majority Creditor (or in the case of a syndicated facility, an agent or trustee acting on the instructions of the relevant Majority Creditor);

(o) a Security Interest created by a Group Member over its interest in a joint venture to secure:

(i) its obligations under the joint venture to any other party to the joint venture; or

(ii) its obligations, or the obligations of the joint venture, or the obligations of any entity formed for the purpose of the joint venture, under any agreement (including an agreement relating to financial accommodation) entered into for the purposes of the joint venture; or

(p) any Security Interest created pursuant to the general conditions of a bank operating in the Netherlands based on the general conditions drawn up by the Netherlands Bankers' Association (Nederlandse Vereniging van Banken) and the Consumers Union (Consumentenbond),

provided the aggregate amount of Financial Indebtedness of the Group (excluding intra-Group transactions and Financial Indebtedness of the Excluded Entities) secured by all such Permitted Security Interests granted in favour of persons outside the Group may not exceed 10% of the total assets of the Group (excluding the Excluded Entities) at any time.

PMP means a professional market party as defined in the Dutch Banking Act Exemption Regulation which includes (among others):

(a) duly supervised banks, insurance companies, securities institutions, investment institutions and pension funds in the European Union, the European Economic Area, Monaco, Puerto Rico, Saudi Arabia, Turkey, South Korea, the United States, Japan, Australia, Canada, Mexico, New Zealand or Switzerland;

(b) central governments, central banks and international and supranational organisations;

(c) enterprises with (on their most recent year end balance sheet date) consolidated total assets of at least euro 500,000,000;

(d) enterprises:

(i) with (on their most recent year end balance sheet date) consolidated equity of at least euro 10,000,000; and

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(ii) which have been active on the financial markets at least twice a month (on average) during the last two years; and

(e) enterprises which have a rating (or which have issued securities having a rating) from Moody's, Standard & Poor's, Fitch or another rating agency accepted by the Dutch Central Bank (De Nederlandsche Bank N.V.).

POTENTIAL EVENT OF DEFAULT means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

PREFERRED STOCK means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to payment of dividends or the payment of any amount upon liquidation or dissolution of the corporation.

PRINCIPAL DEED means the legally binding agreement so entitled to be made between the Guarantor, the James Hardie Group Member identified therein as the "Performing Subsidiary", the State of New South Wales and (if in existence at the time of first execution (and, if not, then by subsequent accession)) the Fund, giving effect to the arrangements contemplated by the media and stock exchange release issued by the Guarantor entitled "James Hardie signs Heads of Agreement" and dated 21 December 2004.

PROJECT ACTIVITY means the acquisition, development, construction, extension, expansion or improvement of any asset.

PROJECT DEBT means with respect to a project or development:

(a) Financial Indebtedness in relation to the acquisition and/or cost of Project Activities; or

(b) Financial Indebtedness incurred before or at the time of carrying out Project Activities solely for the purpose of financing or refinancing the acquisition and/or cost of the Project Activities; or

(c) any Financial Indebtedness incurred solely to refinance any Financial Indebtedness referred to above or incurred under any successive refinancing; or

(d) any liabilities under hedging transactions entered into in connection with any Financial Indebtedness referred to above or any Project Activity; or

(e) interest or amounts in the nature of interest, charges, fees, costs of any nature (including break costs or costs arising from changes in law), duties, expenses, currency indemnities, withholding taxes, indirect taxes and other similar indebtedness (however described) which, in any case, is or are incurred or payable in connection with any of the above; or

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(f) any guarantee or indemnity securing payment or repayment of any of the above amounts (but not any other Financial Indebtedness),

but does not include any Financial Indebtedness which is used to refinance any assets owned by an Obligor as at the date of this deed.

PROJECT PROPERTY means a Group Member's assets used or predominantly used in, or generated by, any Project Activities for a project or development including:

(a) assets forming part of or connected with or derived from that project or development; and

(b) proceeds derived from other Project Property relating to that project or development.

PROJECT VEHICLE means an entity, which is established for the purposes of, and confines its business operations solely to, owning or producing Project Property, carrying out Project Activities and incurring Project Debt.

RELATED ENTITY has the meaning given in the Corporations Act.

RELEASE REQUEST means a letter in the form of schedule 4 ("Form of Release Request").

RELEVANT ENTITY means an Obligor or a Material Subsidiary.

REPORTING DATE means each 31 March, 30 June, 30 September and 31 December in any year.

SECURITY INTEREST means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. This definition:

(a) includes any retention of title agreements arising other than in the ordinary course of business; and

(b) excludes any right of set-off, right to combine accounts, or other similar right or arrangement arising in the ordinary course of business or by operation of law.

SINGLE SUBMISSION JHIF FINANCIAL REPORT means a non-public financial or equivalent report prepared in respect of JHIF for the purpose of preparing consolidated financial statements of the Group, the form and content of which is at the discretion of the Obligors.

SUBORDINATED DEBT means any Financial Indebtedness of any Group Member (other than an Excluded Entity) which is subordinated to the Facilities on terms which each Creditor (or under a syndicated facility, an agent or trustee acting on the instructions of the Majority Creditor) has confirmed are acceptable to it (such confirmation not to be unreasonably withheld or delayed).

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SUBSIDIARY in relation to a corporation means a subsidiary of the corporation for the purposes of the Corporations Act.

TAX means any present or future tax (including Indirect Taxes), levy, impost, duty, charge, fee, deduction, compulsory loan or withholding or any income, stamp or transaction duty, tax or charge, in the nature of tax whatsoever called (except if imposed on, or calculated having regard to, the net income of a Creditor) and whether imposed, levied, collected, withheld or assessed by any Government Agency and includes, but is not limited to, any penalty, fine, charge, fee, interest or other amount payable in connection with failure to pay or delay in paying the same.

TERMINATION DATE in respect to a Facility Agreement, means the termination date, maturity date, final repayment date, final redemption date or other final payment date (howsoever described) of a Facility as defined in the relevant Facility Agreement.

TRANSACTION DOCUMENT means each of:

(a) this deed;

(b) each Facility Agreement;

(c) each Facility Nomination Letter;

(d) each New Borrower Deed Poll;

(e) each Deed of Release;

(f) each Interim Guarantee;

(g) the Guarantee and Subordination Documents;

(h) any other document agreed to be a Transaction Document by the Guarantor and a Creditor; and

(i) any document entered into for the purpose of amending or novating any of the above.

US$, USD or US DOLLARS means the lawful currency of the United States of America.

WHOLLY OWNED SUBSIDIARY has the meaning given in section 9 of the Corporations Act.

1.2 REFERENCES TO CERTAIN GENERAL TERMS

Unless the contrary intention appears, a reference in a Transaction Document to:

(a) a group of persons is a reference to any two or more of them jointly and to each of them individually;

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(b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

(c) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually, but an agreement, representation or warranty by a Creditor binds the Creditor individually only;

(d) anything (including an amount) is a reference to the whole and each part of it (but nothing in this clause 1.2(d) implies that performance of part of an obligation constitutes performance of the obligation);

(e) a document (including this deed) includes any variation, supplement to, novation or replacement of it;

(f) law includes (without limitation) common law, principles of equity, and laws made by any legislative body of any jurisdiction (and references to any statute, regulation or by-law include any modification or re-enactment of or any provision substituted for, and all statutory and subordinate instruments issued under such statute, regulation or by-law or such provision);

(g) an accounting term is a reference to that term as it is used in GAAP;

(h) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated association and any Government Agency;

(i) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(j) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(k) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;

(l) an agreement includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;

(m) a reference to a document includes any agreement in writing, or any certificate, notice, instrument or other document of any kind;

(n) a reference to a body, other than a party to, or a beneficiary of, a Transaction Document (including an institute, association or authority) whether statutory or not:

(i) that ceases to exist; or

(ii) whose powers or functions are transferred to another body,

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is a reference to the body that replaces it or any body that substantially succeeds to its powers or functions;

(o) "continuing" or "subsisting", in relation to an Event of Default or Potential Event of Default, means an Event of Default or Potential Event of Default (as the case may be) that has not been waived in writing or remedied.

1.3 NUMBERS

In a Transaction Document, the singular includes the plural and vice versa.

1.4 HEADINGS

In a Transaction Document, headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of the Transaction Document.

1.5 CONFLICT

(a) Subject to paragraph (b), even if any other Transaction Document is not expressly made subject to this deed and despite the time and date of its execution, where a conflict arises between the provisions of this deed and any other Transaction Document, the provisions of this deed shall prevail unless the relevant provision in the other Transaction Document includes words substantially to the effect of "Despite the terms of the Common Terms Deed Poll".

(b) Where a conflict arises between the provisions of this deed on the one hand and the Interim Guarantee or the Guarantee and Subordination Documents on the other hand,, the provisions of the Interim Guarantee or the Guarantee and Subordination Documents (as the case may be) shall prevail to the extent of the inconsistency.

1.6 SHAREHOLDER RATIFICATION

Each Obligor which is a shareholder of another company (a "RELEVANT COMPANY") which is, or is to become, an Obligor, ratifies and approves in its capacity as a shareholder of that Relevant Company, the execution and performance by each such Relevant Company of each Transaction Document to which it is a party.

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2 CREDITORS AND FACILITIES

2.1 CREDITORS AND FACILITIES

This deed is for the benefit of, and is enforceable by, each Creditor from time to time even though it is not a party to, or is not in existence at the time of execution and delivery of this deed, in relation to the Facility under which that Creditor is entitled and each Transaction Document under which that Creditor has benefits or obligations.

The benefit and obligations of this deed may be extended to any other person (and such person shall become a Creditor) in relation to any other document (and such document shall become a Facility Agreement), by the Obligors' Agent signing and delivering to that Creditor (or, in the case of a syndicated facility, the facility agent) a Facility Nomination Letter and the Creditor countersigning such Facility Nomination Letter.

Each Obligor irrevocably authorises the Obligors' Agent to sign and deliver any Facility Nomination Letter and acknowledges and confirms that the provisions of this deed which are for the benefit of the Creditors will extend to the Facility Agreement so nominated in that Facility Nomination Letter.

2.2 REMOVAL OF BENEFIT FOR PARTICULAR CREDITOR

This deed ceases to be for the benefit of, and enforceable by, a Creditor if at any time:

(a) all Outstanding Moneys owing to that Creditor have been fully and finally paid;

(b) that Creditor is not committed to providing further financial accommodation to a Borrower pursuant to any Facility; and

(c) this is confirmed in writing by the Creditor. If requested by an Obligor, a Creditor will promptly confirm in writing that this deed has ceased to be for the benefit of, and enforceable by, that Creditor.

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Part 2 Standard terms - all Facilities

3 CONDITIONS PRECEDENT

3.1 CONDITIONS TO FIRST DRAWDOWN

A Creditor's obligation to make available the first drawdown under a Facility Agreement is subject to the following conditions precedent:

(a) the Creditor (or, in the case of a syndicated facility, the facility agent) has received each of the following items in form and substance satisfactory to the Creditor or the facility agent (as the case may be):

(i) (VERIFICATION CERTIFICATE) a certificate in relation to each Obligor given by a director of the relevant Obligor substantially in the form of schedule 1 ("Verification Certificate") with the attachments referred to therein;

(ii) (LEGAL OPINIONS) closing legal opinions in respect of this deed, the Facility Agreement and the Interim Guarantee from:

(A) De Brauw Blackstone Westbroek, Netherlands legal advisers to the Obligors;

(B) Mallesons Stephen Jaques, Australian legal advisers to the Obligors; and

(C) if a relevant Borrower is incorporated in a jurisdiction other than The Netherlands or Australia, legal advisers to the Obligors of recognised standing and acceptable to the Creditor;

(iii) (EXECUTED DOCUMENTS) to the extent not previously provided to the Creditor under this deed, an original counterpart or certified copy of this deed, and original counterparts of the relevant Interim Guarantee and the Facility Agreement, executed by all relevant Obligors; and

(iv) (FEES) evidence of instructions issued by the Obligors' Agent to pay all fees and expenses which are due under the Facility on or before the first drawdown; and

(b) (REPRESENTATIONS TRUE) the representations and warranties by each Obligor in clause 8.1 of this deed are true as at the date of the first drawdown notice and on the date of the first drawdown; and

(c) (NO DEFAULT) no Event of Default or Potential Event of Default subsists at the date of the first drawdown notice or on the date of the first drawdown or will result from the provision of the requested financial accommodation.

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3.2 CONDITIONS TO SUBSEQUENT DRAWDOWNS

The Creditor need not provide any financial accommodation subsequent to the first drawdown under a Facility Agreement unless:

(a) (REPRESENTATIONS TRUE) the representations and warranties by each Obligor in clause 8.1 of this deed (other than clause 8.1(d)(ii)) are true as at the date of the drawdown notice and on the drawdown date, as though they had been made at that date in respect of the facts and circumstances then subsisting; and

(b) (NO DEFAULT) no Event of Default or Potential Event of Default subsists at the date of the drawdown notice or on the drawdown date or will result from the provision of the requested financial accommodation.

4 PAYMENTS

4.1 MANNER OF PAYMENT

Each Obligor agrees to make payments (including by way of reimbursement) under each Transaction Document:

(a) on the due date (or, if that is not a Business Day, on the next Business Day unless that day falls in the following month or after the Termination Date for the relevant Facility, in which case, on the previous Business Day); and

(b) at the time which is customary at the time for settlement of transactions in the relevant currency in the place for payment (if any) specified in the relevant Facility Agreement; and

(c) in the Due Currency in immediately available funds; and

(d) in full without set-off or counterclaim, and without any deduction in respect of Taxes unless prohibited by law; and

(e) to the applicable Creditor (or, in the case of a Creditor under a syndicated facility, the facility agent on its behalf) by making payment to the account nominated by the Creditor or by payment as the Creditor otherwise directs.

If a Creditor directs an Obligor to pay a particular party or in a particular manner, the Obligor is taken to have satisfied its obligation to the Creditor by paying in accordance with the direction.

An Obligor satisfies a payment obligation only when the Creditor (or, in the case of a Creditor under a syndicated facility, the facility agent on its behalf) or the person to whom it has directed payment actually receives the amount.

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4.2 CURRENCY OF PAYMENT

Each Obligor waives any right it has in any jurisdiction to pay an amount other than in Due Currency. However, if a Creditor receives an amount in a currency other than the Due Currency:

(a) it may convert the amount received into the Due Currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual Costs in connection with the conversion; and

(b) the Obligor satisfies its obligation to pay in the Due Currency only to the extent of the amount of the Due Currency obtained from the conversion after deducting the Costs of the conversion. Any surplus amount will be paid promptly by that Creditor to the Borrower.

5 WITHHOLDING TAX

5.1 PAYMENTS BY OBLIGOR

If a law requires an Obligor to deduct or withhold an amount in respect of Taxes (other than Indirect Taxes) in respect of a payment under any Transaction Document such that a Creditor ("INDEMNIFIED PARTY") would not actually receive on the due date the full amount provided for under the Transaction Document, then:

(a) the Obligor agrees to deduct the amount for such Taxes and any further deduction applicable to any further payment due under paragraph (c) below; and

(b) the Obligor agrees to pay an amount equal to the amount deducted or withheld to the relevant authority in accordance with applicable law; and

(c) unless the Tax is an Excluded Tax, the amount payable is increased so that, after making the deduction or withholding and further deductions or withholdings applicable to additional amounts payable under this clause 5.1(c), the Indemnified Party is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required.

5.2 PAYMENTS BY A FACILITY AGENT TO CREDITORS

If a law requires a facility agent under a syndicated facility to deduct or withhold an amount in respect of Taxes (other than Indirect Taxes) in respect of a payment by the facility agent to a Creditor under a syndicated facility such that the Creditor would not actually receive on the due date the full amount provided for under the syndicated facility, then:

(a) the facility agent must deduct or withhold the amount for such Taxes and any further deduction or withholding applicable to any further payment due under paragraph (c) below; and

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(b) the facility agent must pay an amount equal to the amount deducted or withheld to the relevant authority in accordance with applicable law and promptly give the original receipts to the Borrower; and

(c) unless the Tax is an Excluded Tax, the amount payable is increased so that, after making the deduction or withholding and further deductions or withholdings applicable to additional amounts payable under this clause 5.2(c), the Creditor is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required; and

(d) unless the Tax is an Excluded Tax, the Borrower must pay to the facility agent an amount equal to any deduction or withholding which the facility agent is required to make under this clause 5.2.

5.3 TAX CREDIT

If and to the extent that any Creditor is able in its opinion to apply for or otherwise take advantage of any offsetting tax credit, tax rebate or other similar tax benefit out of or in conjunction with any deduction or withholding which gives rise to an obligation on any Obligor to pay any additional amount pursuant to clause 5.1 or 5.2(d), that Creditor shall:

(a) give notice thereof to the Obligors' Agent and take steps to obtain that credit, rebate or benefit; and

(b) to the extent that in its opinion it can do so without prejudice to the retention of the credit, rebate or benefit, and upon receipt thereof, reimburse to the Obligor such amount of the credit, rebate or benefit as that Creditor shall, in its opinion (acting reasonably), have determined to be attributable to the deduction or withholding. In complying with this clause, no Creditor need disclose to any Obligor information about their tax affairs or order them in a particular way.

5.4 EARLY REPAYMENT OR REDEMPTION

Without limiting the other provisions of this clause 5, if a Borrower is required to pay any amount to a Creditor or facility agent under a syndicated facility under this clause 5, the Borrower may elect to repay or redeem early all of that Creditor's outstandings under the applicable Facility which is affected by the event or events referred to in clause 5.1 or 5.2.

6 INCREASED COSTS

6.1 COMPENSATION

The relevant Borrower agrees to compensate a Creditor on 30 days written notice if the Creditor determines that:

(a) a Directive, or change in Directive, in either case applying for the first time after the date of the relevant Facility Agreement; or

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(b) a change in a Directive's interpretation or administration by an authority after the date of the relevant Facility Agreement; or

(c) compliance by the Creditor or any of its Related Entities with any such Directive, changed Directive or changed interpretation or administration,

directly or indirectly:

(i) increases the effective cost to that Creditor of making, funding or maintaining the relevant Facility or its proportion of the Facility; or

(ii) reduces any amount paid or payable to, or received or receivable by, that Creditor or the effective return to that Creditor in connection with the relevant Facility.

In this clause 6.1, a reference to a Directive does not include a Directive imposing or changing the basis of a Tax on the overall net income of the Creditor.

Compensation need not be in the form of a lump sum and may be demanded as a series of payments.

A notice under this clause may not claim compensation for an increase or reduction suffered more than 180 days before the date of the notice, except to the extent that the event or circumstance giving rise to the increased cost or reduction is that a Directive is applied retrospectively and the notice was given by the Creditor no later than 120 days after it became aware of that event or circumstance and was able to quantify the amount for which it is entitled to be compensated under this clause 6.1.

Any demand under this clause 6.1 is to be made to the Obligors' Agent by the Creditor (except in the case of a Creditor under a syndicated facility, in which case demand must be made by the facility agent).

6.2 SUBSTANTIATING COSTS

If a Creditor (or a facility agent on its behalf) makes a demand under clause 6.1 ("Compensation"), it must provide the Borrower with reasonably detailed calculations showing how the amount demanded has been ascertained. However, nothing in this clause 6.2 obliges the Creditor to provide details of its business or tax affairs which it considers in good faith to be confidential.

6.3 PROCEDURE FOR CLAIM

(a) In the absence of manifest error, and subject to clause 6.2 ("Substantiating costs"), a certificate by a Creditor is sufficient evidence of the amount of the compensation payable by the Borrower to the Creditor under clause 6.1 ("Compensation").

(b) In determining the amount of the compensation payable under clause 6.1 ("Compensation"), the Creditor may use averaging and

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attribution methods commonly used by the Creditor or any other method it reasonably considers appropriate to determine the amount.

6.4 POSSIBLE MINIMISATION

(a) The Creditor agrees:

(i) to use reasonable endeavours to mitigate the effects of those events or circumstances giving rise to the increased cost or reduction in any payment or return for which the Creditor (or a facility agent on its behalf) claims compensation under clause 6.1 ("Compensation"); and

(ii) at the request of the Obligors' Agent, to consider the transfer or assignment of its rights and obligations under this deed and the other relevant Transaction Documents to which it is a party to another bank or financial institution at par.

(b) Subject to clause 6.4(a)(i), the Borrower agrees to compensate the Creditor whether or not the increase or the reduction could have been avoided.

7 ILLEGALITY

7.1 CREDITOR'S RIGHT TO SUSPEND OR CANCEL

This clause 7 applies if a Creditor determines in good faith that:

(a) a change in a Directive; or

(b) a change in the interpretation or administration of a Directive by an authority; or

(c) a Directive,

makes it (or will make it) illegal in practice for the Creditor to fund, provide, or continue to fund or provide, financial accommodation under any Transaction Document. In these circumstances, the Creditor by giving a notice to the Obligors' Agent, may suspend or cancel some or all of the Creditor's obligations under the relevant Transaction Document as indicated in the notice.

7.2 EXTENT AND DURATION

The suspension or cancellation:

(a) must apply only to the extent necessary to avoid the illegality; and

(b) in the case of suspension, may continue only for so long as the illegality continues.

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7.3 NOTICE REQUIRING EARLY REPAYMENT OR REDEMPTION

If the illegality relates to an amount outstanding to a Creditor, the Creditor (or, in the case of a syndicated facility, the facility agent), by giving a notice to the Obligors' Agent, may require early repayment or redemption of all or part of the affected outstandings and interest accrued on that part. The Borrower agrees to repay or redeem the amount specified no later than the date the illegality arises.

7.4 CREDITOR TO SEEK ALTERNATIVE FUNDING METHOD

The affected Creditor (at no cost to an Obligor) during the period of 90 days after the notice pursuant to clause 7.1 agrees to use reasonable endeavours to make that part of the facility affected by the illegality available by alternative means (including changing its lending office to another then existing lending office or making the financial accommodation available through a Related Entity of the Creditor).

8 REPRESENTATIONS AND WARRANTIES

8.1 REPRESENTATIONS AND WARRANTIES

Each Obligor (but in the case of a Borrower only from the date that it becomes a Borrower) represents and warrants (except in relation to matters disclosed to the Creditors and accepted in writing by the Creditors) that:

(a) (STATUS) it is a corporation duly incorporated and validly existing under the laws of its place of incorporation;

(b) (CORPORATE AUTHORISATION, DOCUMENTS BINDING) each Transaction Document to which it is a party has been duly authorized by all necessary corporate action on the part of the Obligor and constitutes a legal, valid and binding obligation of the Obligor enforceable against the Obligor in accordance with its terms, except as such enforceability may be limited by:

(i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and

(ii) general principles of law (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) (COMPLIANCE WITH LAWS) the execution, delivery and performance of the Transaction Documents to which it is a party will not:

(i) contravene its constitution;

(ii) result in the creation of any Security Interest (other than any Permitted Security Interest) in respect of any property of the Obligor or any of its Subsidiaries (excluding the Excluded Entities);

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(iii) contravene in any material respect any law to which the Obligor or any of its Subsidiaries (excluding the Excluded Entities) is subject or by which the Obligor or any of its Subsidiaries (excluding the Excluded Entities) or any of their respective properties may be bound;

(iv) conflict with or result in a breach in any material respect of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Government Agency applicable to the Obligor or any of its Subsidiaries (excluding the Excluded Entities);

(v) result in the acceleration or cancellation of any agreement or obligation in respect of Financial Indebtedness of any Group Member (excluding the Excluded Entities);

(d) (DISCLOSURE)

(i) all information given to the Creditors by it or with its authority was, when given, true and correct in all material respects;

(ii) the most recent Form 20-F filed by the Guarantor with the United States Securities and Exchange Commission was prepared and filed in accordance with the applicable requirements of US securities laws;

(e) (GROUP FINANCIAL STATEMENTS)

(i) the most recent financial statements of the Group (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Group as at the end of the financial period to which they relate and have been prepared in accordance with GAAP consistently applied throughout the periods involved, except as set forth in the notes thereto (subject, in the case of an interim financial statements, to normal year-end adjustments);

(ii) since the date of delivery of those statements, there has been no change in the financial condition, operations, business or prospects of the Group (excluding the Excluded Entities), except changes that individually or in the aggregate do not or are not likely to have a Material Adverse Effect;

(f) (JHIF FINANCIAL STATEMENTS)

(i) the most recent financial statements of JHIF provided in accordance with clause 9.6(c)(iii) (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of JHIF as at the end of the financial period to which they relate and have been prepared in accordance with generally accepted accounting

principles as in effect from time to time in the Netherlands consistently applied throughout the periods involved, except as set forth in the notes thereto (subject, in the case of an interim financial statements, to normal year-end adjustments);

(ii) since the date of delivery of those statements, there has been no change in the financial condition, operations, business or prospects of JHIF, except changes that individually or in the aggregate do not or are not likely to have a Material Adverse Effect;

(g) (AUTHORISATIONS) all Authorisations necessary in connection with the execution, delivery or performance by the Obligor of the Transaction Documents to which it is a party have been obtained and are in full force and effect;

(h) (LITIGATION) except as disclosed in the most recent financial statements of the Group, in an announcement by the Guarantor through the Australian Stock Exchange or under clause 9.6(f) of this deed, no litigation, arbitration, administrative proceeding or other procedure for the resolution of disputes is currently taking place or pending against any Group Member (excluding the Excluded Entities) or any Group Member's assets (excluding the Excluded Entities' assets) which has or is likely to have a Material Adverse Effect;

(i) (SECURITY INTERESTS) no Security Interest exists over any Group Member's assets (excluding the Excluded Entities' assets) which is not permitted by clause 9.3;

(j) (ENVIRONMENTAL MATTERS) each Group Member (excluding the Excluded Entities) has complied with all applicable Environmental Laws and the terms and conditions of any Authorisation issued pursuant to an Environmental Law, except where a failure to comply does not or is not likely to have a Material Adverse Effect;

(k) (NO IMMUNITY) neither it nor any of its assets has any immunity from jurisdiction, suit, execution, attachment or other legal process in any jurisdiction in which its assets are located or it carries on business;

(l) (NOT A TRUSTEE) it does not enter into any Transaction Document as trustee;

(m) (RANKING) its obligations under the Transaction Documents rank at least pari passu with all of its other unsecured and unsubordinated obligations, other than those mandatorily preferred by law;

(n) (DEFAULT UNDER LAW) no member of the Group (excluding the Excluded Entities) is in breach of any law, Authorisation, agreement or obligation binding upon it or its assets which has or is likely to have a Material Adverse Effect; and

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(o) (HOLDING COMPANY) in the case of the Guarantor only, at the date of this deed, the Guarantor has no material liabilities other than:

(i) creditors, provisions and indemnities incidental to its activities as a holding company without a material operating business, and

(ii) liabilities under this deed, the Interim Guarantees and (when executed) the Guarantee and Subordination Documents;

(iii) liabilities to the Fund and the State of New South Wales under the Principal Deed (and Related Agreements, as defined in the Principal Deed), including the Fund Guarantee, when executed;

(iv) liabilities in relation to taxation; and

(v) liabilities to shareholders in their capacity as such not prohibited under the Principal Deed.

8.2 WHEN REPRESENTATIONS AND WARRANTIES MADE

Each representation and warranty is made in favour of a Creditor on the date of execution of its Facility Agreement and is not repeated unless specified in that Facility Agreement or in clause 3.2(a).

8.3 RELIANCE ON REPRESENTATIONS AND WARRANTIES

Each Obligor acknowledges that the Creditors have entered into the Transaction Documents in reliance on the representations and warranties in this clause.

9 UNDERTAKINGS

9.1 APPLICATION

All undertakings set out in this clause 9 apply to a Facility Agreement unless the Majority Creditor (or under a syndicated facility, an agent or trustee acting on the instructions of the Majority Creditor) under that Facility Agreement consents in writing.

9.2 GENERAL UNDERTAKINGS

Each Obligor undertakes to each Creditor as follows:

(a) (NATURE OF BUSINESS) it will not (and will not permit any of its Subsidiaries (excluding the Excluded Entities) to) engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Group would be substantially changed from the general nature of the business engaged in by the Group on the date of the relevant Facility Agreement;

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(b) (COMPLIANCE WITH LAWS) it will comply (and will procure that its Subsidiaries (excluding the Excluded Entities) comply) with all applicable laws (including, without limitation, all Environmental Laws and the terms and conditions of any Authorisation required under an Environmental Law) in all material respects where non-compliance has or is likely to have a Material Adverse Effect;

(c) (RANKING) it will ensure that its obligations to the Creditor under the Transaction Documents rank and will continue to rank at least pari passu with all of its other unsecured and unsubordinated obligations, other than those mandatorily preferred by law;

(d) (FINANCIAL INDEBTEDNESS OF GROUP MEMBERS) in the case of the Guarantor only, and without limiting clauses 9.4(d) or (e), it will ensure that each Group Member (excluding the Excluded Entities) that is not an Obligor does not incur any Financial Indebtedness owing to any person outside the Group that is not Permitted External Financial Indebtedness;

(e) (HOLDING COMPANY STATUS) in the case of the Guarantor only, it will have no material liabilities other than those described in clause 8.1(o); and

(f) (PRINCIPAL DEED) in the case of the Guarantor only, it will not (without the prior written consent of each relevant Creditor (or under a syndicated facility, an agent or trustee acting on the instructions of the Majority Creditor), such consent not to be unreasonably withheld or delayed) vary, or agree to vary, in any material adverse respect the Principal Deed after the same has been executed in a form which has been approved by each relevant Creditor.

9.3 NEGATIVE PLEDGE

Each Obligor undertakes to each Creditor that it will not, and will not permit any of its Subsidiaries (excluding the Excluded Entities) to, create or allow to exist a Security Interest over any of its assets, other than a Permitted Security Interest.

9.4 FINANCIAL UNDERTAKINGS

(a) (CONSOLIDATED NET WORTH) The Guarantor must ensure that Consolidated Net Worth is not less than US$320 million on each Reporting Date and, where applicable, on each ASX CNW Announcement Date.

(b) (EBIT) The Guarantor will ensure that EBIT will not be less than 2.5 times Net Interest Charges for the 12 month period ending on each Reporting Date.

(c) (COMPENSATION FUNDING) The Guarantor will ensure that, except for the initial funding payments made under the Principal Deed following the Principal Deed coming into effect, no more than 35% of its Free Cash Flow in any given Financial Year (commencing with the

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Financial Year ended 31 March 2006) is contributed to the Fund on the payment dates under the Principal Deed in the next following Financial Year.

(d) (FUNDED DEBT) The Guarantor will ensure that the ratio of Consolidated Funded Debt to Consolidated Funded Capitalisation does not exceed 65% at any time.

(e) (PERMITTED EXTERNAL FINANCIAL INDEBTEDNESS) The Guarantor will ensure that the ratio of Consolidated Permitted External Financial Indebtedness to Consolidated Funded Capitalisation does not exceed 15% at any time.

9.5 GAAP

The financial undertakings in clause 9.4 have been drafted such that compliance with them is based on GAAP prevailing at the date of this deed ("ORIGINAL GAAP"). If:

(a) the Borrower's or Guarantor's accountants or auditors advise at any time that any change to GAAP occurring after the date of this deed materially and adversely alters the effect of any such provision (or any related definition) and the Obligors' Agent so notifies the Creditor; or

(b) the Creditor gives written notice to the Obligors' Agent referring specifically to this clause 9.5 and giving details of a change to GAAP occurring after the date of this deed which in the Creditor's opinion (acting reasonably) materially and adversely alters the effect of any such provision (or any related definition),

then:

(c) the Creditor and the Guarantor must negotiate in good faith to amend such provision so that they have an effect comparable to that at the date of this deed; and

(d) until such time as the amendments referred to in clause 9.5(c) are agreed, compliance with the relevant provision (and related definitions) will be determined by reference to Original GAAP.

9.6 REPORTING UNDERTAKINGS

The Guarantor shall deliver to each Creditor (or, in the case of a syndicated facility, the facility agent) the following:

(a) (QUARTERLY GROUP STATEMENTS) within 60 days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of each such fiscal year) a copy of:

(i) a consolidated balance sheet of the Group as at the end of such quarter; and

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(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Group, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by the chief financial officer, treasurer or principal accounting officer of the Group as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Guarantor's Quarterly Report on Form 10-Q prepared in compliance with the requirements applicable thereto and filed with the United States Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause 9.6(a);

(b) (ANNUAL GROUP STATEMENTS) within 105 days after the end of the fiscal year of the Guarantor a copy of:

(i) a consolidated balance sheet of the Group, as at the end of such year; and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Group, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognised national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Guarantor's Annual Report on Form 10-K for such fiscal year (together with the Guarantor's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements applicable thereto and filed with the United States Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause 9.6(b);

(c) (JHIF STATEMENTS AND REPORTS)

(i) at the same time at which each financial statement or report is delivered pursuant to clause 9.6(a) ("CONSOLIDATED QUARTERLY STATEMENT") and for as long as a Single

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Submission JHIF Financial Report is prepared as a matter of general internal accounting practice of the Obligors, a copy of the Single Submission JHIF Financial Report for the year to date as at the end of the quarterly fiscal period to which the Consolidated Quarterly Statement relates

(ii) at the same time at which each financial statement or report is delivered pursuant to clause 9.6(b) ("CONSOLIDATED ANNUAL Statement") and for as long as a Single Submission JHIF Financial Report is prepared as a matter of general internal accounting practice of the Obligors, a copy of the Single Submission JHIF Financial Report for the fiscal year to which the Consolidated Annual Statement relates;

(iii) within 180 days after the end of the fiscal year of JHIF a copy of:

(A) the balance sheet of JHIF, as at the end of such year; and

(B) a statement of income, changes in shareholders' equity and cash flows of JHIF, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles as in effect from time to time in the Netherlands, and accompanied by an opinion thereon of independent certified public accountants of recognised national standing in the Netherlands, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of JHIF and its results of operations and cash flows and have been prepared in conformity with generally accepted accounting principles as in effect from time to time in the Netherlands, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards in the Netherlands, and that such audit provides a reasonable basis for such opinion in the circumstances;

(d) (SEC AND OTHER REPORTS) promptly upon their becoming available, one copy of:

(i) to the extent not already provided under clauses 9.6(a), (b) or (c), each financial statement, report, notice or proxy statement sent by a Group Member (other than an Excluded Entity) to public securities holders generally; and

(ii) each regular or periodic report, each registration statement (without exhibits, except as expressly requested by the Creditor or facility agent as the case may be), and each prospectus and all amendments thereto filed by a Group Member (other than an Excluded Entity) with the United

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States Securities and Exchange Commission and all announcements made by the Guarantor through the Australian Stock Exchange and press releases and other statements made available generally by any Group Member (other than an Excluded Entity) to the public concerning developments that are material;

(e) (NOTICE OF EVENT OF DEFAULT OR POTENTIAL EVENT OF DEFAULT) promptly upon becoming aware of it, written notice to each Creditor (or, in the case of a syndicated facility, the facility agent) of:

(i) the existence of any Event of Default or Potential Event of Default; and

(ii) the occurrence of any event which has or is likely to have a Material Adverse Effect;

(f) (LITIGATION) to the extent not disclosed in a document provided under clauses 9.6(a), (b), (c), (d) or (e), notice in writing and in reasonable detail of any litigation, arbitration, administrative proceeding or other procedure for the resolution of disputes commenced, taking place, pending or to its knowledge, threatened against any Group Member (other than an Excluded Entity) or any Group Member's assets (other than an Excluded Entity's assets) which has or is likely to have a Material Adverse Effect;

(g) (REQUESTED INFORMATION) such other information relating to the business, operations and condition (financial or otherwise) of the Group (excluding the Excluded Entities) as from time to time may be reasonably requested by a Creditor (but excluding any information which the Guarantor is bound by an obligation of confidentiality not to disclose).

9.7 OFFICER'S CERTIFICATE

Each set of consolidated financial statements delivered pursuant to clause 9.6(a) or 9.6(b) shall be accompanied by:

(a) a supplementary set of financial statements for the Group (excluding the Excluded Entities), showing adjustments made to the consolidated financial statements to eliminate the impact of the Excluded Entities; and

(b) a certificate of the chief financial officer, treasurer or principal accounting officer of the Group setting forth the information (including reasonably detailed calculations) required in order to establish whether the Guarantor was in compliance with the relevant requirements of clause 9.4.

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10 EVENTS OF DEFAULT

10.1 EVENTS OF DEFAULT

Each of the following is an Event of Default:

(a) (NON-PAYMENT OF PRINCIPAL) the Borrower fails to pay an amount of principal payable by it under a Facility Agreement when due and does not remedy that failure within 2 Business Days after that amount becomes due and payable;

(b) (NON-PAYMENT OF OTHER AMOUNTS) the Borrower fails to pay any amount, other than an amount described in paragraph (a), payable by it under a Facility Agreement and does not remedy that failure within 3 Business Days after that amount becomes due and payable;

(c) (FINANCIAL UNDERTAKINGS)

(i) there is at any time a breach of any financial undertaking in clause 9.4 and, in the case of a breach of clause 9.4(d) or (e), the breach is not cured within 10 Business Days of the Guarantor receiving written notice from a Creditor (or, in the case of a syndicated facility, the facility agent) requiring such remedy; or

(ii) the Guarantor fails to deliver a certificate as required by clause 9.7(b) within 7 days of receipt of written notice from a Creditor of failure to provide such certificate;

(d) (OTHER DEFAULT)

(i) any Obligor defaults in the performance of or compliance with any material obligation contained in a Transaction Document (other than those referred to in clause 10.1(a), (b) or (c)); and

(ii) the default is not waived or, if capable of remedy, the default is not remedied within 21 days of the Obligor receiving written notice from a Creditor (or, in the case of a syndicated facility, the facility agent) referring specifically to this clause 10.1(d) and requiring such remedy;

(e) (PRINCIPAL DEED) the Group Member primarily liable to make funding payments to the Fund under the Principal Deed defaults in the performance of, or compliance with, its obligation to make any such payment when due or within any applicable grace period and such default is not cured by that Group Member or the Guarantor within 3 Business Days;

(f) (MISREPRESENTATION)

(i) any representation or warranty made or deemed to be made by an Obligor in a Transaction Document proves to have

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been inaccurate in any material respect when made or deemed to be repeated; and

(ii) the misrepresentation or breach of warranty is not waived or, if capable of remedy, the matter giving rise to the misrepresentation or breach of warranty is not remedied within 21 days of the Obligor becoming aware that the representation or warranty was inaccurate when made or deemed to have been repeated;

(g) (CROSS-DEFAULT)

(i) an Obligor is in default in the payment of any Financial Indebtedness that is outstanding in an aggregate principal amount of at least US$20,000,000 (or its equivalent in another currency) beyond any period of grace provided with respect thereto and such Financial Indebtedness is not paid within 3 Business Days; or

(ii) any Financial Indebtedness of an Obligor exceeding US$20,000,000 (or its equivalent in another currency) has become, or has been declared, due and payable before its stated maturity and such Financial Indebtedness is not paid within 3 Business Days.

(h) (INSOLVENCY) a Relevant Entity:

(i) is generally not paying, or admits in writing its inability to pay, its debts as they become due;

(ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganisation or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction (for the avoidance of doubt, this includes, in respect of a person established under Dutch law, a filing of a petition by it with any court in the Netherlands in relation to its bankruptcy (faillissement) or suspension of payments (surseance van betaling));

(iii) makes an assignment for the benefit of its creditors;

(iv) consents to the appointment of a custodian, receiver, receiver and manager, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property;

(v) consents to the appointment of an administrator;

(vi) is adjudicated as insolvent or to be liquidated; or

(vii) takes corporate action for the purpose of any of the foregoing.

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(i) (RECEIVER)

(i) A court or Government Agency of competent jurisdiction enters an order appointing, without consent by a Relevant Entity, a custodian, receiver, receiver and manager, trustee or other officer with similar powers with respect to the Relevant Entity or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganisation or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Relevant Entity, or any such petition shall be filed against the Relevant Entity (other than a frivolous or vexatious petition) and such petition is not dismissed or cancelled within 30 days (and for the avoidance of doubt, this includes, in respect of a person established under Dutch law, appointment by a court of a trustee (curator) in relation to its bankruptcy or appointment by a court of a receiver (bewindvoerder) in relation to its provisional suspension of payments); or

(ii) an administrator of the Relevant Entity is appointed; or

(iii) a receiver, receiver and manager, administrative receiver or similar officer is appointed to all or any substantial part of the assets of a Relevant Entity in respect of Financial Indebtedness that has been due and payable for at least 5 Business Days in an aggregate principal amount of at least US$20,000,000 (or its equivalent in another currency) and that officer is not removed within 7 days of his appointment;

(j) (JUDGMENT) a final judgment or judgments for the payment of money aggregating in excess of US$20,000,000 (or its equivalent in another currency) are rendered against a Relevant Entity and such judgments are not, within 45 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 45 days after the expiration of such stay;

(k) (VITIATION OF DOCUMENTS)

(i) any material provision of a Transaction Document ceases for any reason to be in full force and effect or becomes void, voidable or unenforceable;

(ii) any law suspends, varies, terminates or excuses performance by an Obligor of any of its material obligations under a Transaction Document or purports to do any of the same;

(iii) it becomes impossible or unlawful for an Obligor to perform any of its material obligations under a Transaction Document or for the Creditors to exercise all or any of their rights, powers and remedies under a Transaction Document; or

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(iv) an Obligor alleges that a Transaction Document has been affected as described in this paragraph;

(l) (OWNERSHIP OF BORROWER) any Borrower ceases to be directly or indirectly fully owned and controlled by the Guarantor;

(m) (AUTHORISATION) any Authorisation necessary in connection with the execution, delivery or performance by an Obligor of the Transaction Documents, or the validity or enforceability of the Transaction Documents, is not granted or ceases to be in full force and effect for any reason or is modified or amended in a manner which, in the reasonable opinion of all Creditors, would have a Material Adverse Effect; or

(n) (MATERIAL CHANGE) a change occurs in the financial condition of the Group (as a whole, but excluding the Excluded Entities) which has a Material Adverse Effect.

10.2 CONSEQUENCES OF DEFAULT

If an Event of Default is continuing, a Creditor (or, in the case of a syndicated facility, an agent or trustee acting on the instructions of the Majority Creditor) may declare at any time by notice to the Obligors' Agent that:

(a) an amount equal to all or any part of the Outstanding Moneys payable to the Creditor (or, in the case of a syndicated facility, the facility agent) is:

(i) payable on demand; or

(ii) immediately due for payment;

(b) the obligations of the Creditor specified in the notice are terminated and cancelled.

A Creditor (or, in the case of a syndicated facility, the facility agent) may make either or both of these declarations. The making of either of them gives immediate effect to its provisions.

11 REVIEW EVENTS

If, at any time after the date of a Facility Agreement and for any reason, whether or not within the control of the Obligors:

(a) a Change of Control occurs;

(b) the securities of the Guarantor are suspended from quotation by the Australian Stock Exchange for more than 10 Business Days or the Guarantor is removed from the Official List of the Australian Stock Exchange; or

(c) provisions made by the Group in accordance with GAAP for asbestos related liabilities (if any) not arising in connection with the Principal

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Deed exceed 15% of Consolidated Net Worth at that time (with Consolidated Net Worth for this purpose calculated by adding back all such asbestos related liabilities under this paragraph (c), ignoring the 15% cap),

then the Guarantor must notify each Creditor (or, in the case of a syndicated facility, the facility agent) in writing of the occurrence of the event as soon as reasonably practicable. A Creditor may, by notice to the Borrower (with a reasonably detailed explanation of the reasons for its election to discontinue funding the Borrower) within 60 days of the date of receipt of notice from the Guarantor:

(d) cancel its commitment to provide financial accommodation under the relevant Facility Agreement with immediate effect; and/or

(e) declare the moneys borrowed under the relevant Facility Agreement to be, and the borrowed moneys will be, due and payable on a date no earlier than 90 days from the date of the Creditor's notice.

12 COSTS AND INDEMNITIES

12.1 WHAT THE BORROWER AGREES TO PAY

Each relevant Borrower agrees to pay a Creditor promptly on demand to the Obligors' Agent from that Creditor (except in the case of a Creditor under a syndicated facility, in which case demand must be made by the facility agent):

(a) the reasonable Costs of each Creditor in connection with:

(i) the registration of any Transaction Document; and

(ii) giving and considering consents, waivers, variations, discharges and releases requested by the Borrower, the Guarantor or the Obligors' Agent;

(b) the Costs of each Creditor in exercising, enforcing or preserving rights in connection with a Transaction Document;

(c) Taxes and fees (including registration fees) (other than Excluded Taxes) and fines and penalties in respect of fees paid in connection with any Transaction Document or a payment or receipt or any other transaction contemplated by any Transaction Document. However, the Borrower need not pay a fine or penalty in connection with Taxes or fees to the extent that it has lodged with the relevant Creditor sufficient cleared funds for the relevant Creditor to be able to pay the Taxes or fees by the due date.

This clause 12.1 shall not apply to any amounts, which have otherwise been paid or compensated for under a Transaction Document.

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12.2 INDEMNITY

Each relevant Borrower indemnifies each Creditor against any claim, action, damage, loss, liability, cost, charge, expense, outgoing and payment of Break Costs which that Creditor pays, suffers, incurs or is liable for in connection with:

(a) any failure by the Borrower to draw down financial accommodation requested by it under a Transaction Document for any reason except default of a Creditor; or

(b) financial accommodation under a Transaction Document being repaid, discharged or made payable other than at its maturity, an interest payment date or other due date applicable to it; or

(c) any failure to prepay any part of the amount outstanding to a Creditor in accordance with a prepayment notice given under a Facility; or

(d) a Creditor acting in connection with a Transaction Document in good faith on fax or telephone instructions which have no apparent irregularity on their face, purport to originate from the offices of an Obligor or to be given by an Authorised Officer of an Obligor which, in the case of fax instructions, are signed and such signature accords with a current specimen signature of an Authorised Officer in the possession of the Creditor; or

(e) an Event of Default or Potential Event of Default; or

(f) a Creditor exercising or attempting to exercise a right or remedy in connection with a Transaction Document after an Event of Default; or

(g) any indemnity a Creditor gives a Controller or administrator of the Obligor.

Each Borrower agrees to pay amounts due under this indemnity on demand to the Obligors' Agent from the applicable Creditor (except in the case of a Creditor under a syndicated facility, in which case demand must be made by, and payment must be made to the facility agent).

12.3 CURRENCY CONVERSION ON JUDGMENT DEBT

If a judgment, order or proof of debt for an amount in connection with a Transaction Document is expressed in a currency other than that in which the amount is due under the Transaction Document, then the relevant Borrower indemnifies each Creditor against:

(a) any difference arising from converting the other currency if the rate of exchange used by the Creditor under clause 4.2 ("Currency of payment") for converting currency when it receives a payment in the other currency is less favourable to the Creditor than the rate of exchange used for the purpose of the judgment, order or acceptance of proof of debt; and

<PAGE>

(d) The Borrower identified in the Release Request will cease to be a Borrower when the Creditor (or, in the case of a syndicated facility, the facility agent) executes a Deed of Release in respect of that Borrower.

15 DEALING WITH INTERESTS

15.1 DEALINGS BY OBLIGORS

An Obligor may only assign or otherwise deal with its rights or obligations under any Transaction Document with the consent of each Creditor.

15.2 DEALINGS BY CREDITORS

A Creditor may assign, transfer, sub-participate or otherwise deal with all or any of its rights or obligations under a Transaction Document at any time if:

(a) the Obligors' Agent has given its prior consent, which consent shall not be unreasonably withheld;

(b) in respect of any Dutch Borrower, the assignment, transfer, sub-participation or other dealing is to or with a PMP; and

(c) in the case of a transfer of obligations, the transfer is effected by a novation in form and substance reasonably satisfactory to the relevant Borrower.

15.3 CHANGE IN LENDING OFFICE

A Creditor may change its lending office if it first notifies and consults with the Obligors' Agent. If this occurs, clause 15.5 will apply.

15.4 SECURITISATION PERMITTED

(a) Subject to clause 15.4(b), a Creditor may, without having to obtain the consent of or notify any Obligor, assign, transfer, sub-participate or otherwise deal with all or any part of its rights and benefits under any Transaction Document to a trustee of a trust, company or other entity which in each case is established for the purposes of securitisation and, to the extent required for the Dutch Borrower to comply with the Dutch 1992 Banking Act on the Supervision of the Credit System (Wet toezicht kredietwezen 1992), is a PMP.

(b) Notwithstanding any assignment, transfer, sub-participation or other dealing by that Creditor under clause 15.4(a):

(i) that Creditor remains bound by, and must continue to perform all its obligations under the Transaction Documents;

(ii) that Creditor is the only person entitled to exercise any power, and no assignee, transferee, sub-participant or other person who obtains an interest in any of the rights or benefits of that

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Creditor under the Transaction Documents pursuant to clause 15.4(a) may do so; and

(iii) any amount payable by the Obligors to that Creditor under any Transaction Document will, if paid by an Obligor to that Creditor, operate as an effective discharge of the Obligor's obligation to make that payment.

(c) Nothing done by a Creditor under this clause 15.4 will affect any Obligor's rights under any Transaction Documents.

15.5 NO INCREASED COSTS

Despite anything to the contrary in this deed or the Transaction Documents, if a Creditor changes its lending office or transfers, assigns, novates or otherwise deals with its rights or obligations under the Transaction Documents, then no Obligor will be required to pay:

(a) any net increase in the total amount of fees, Taxes, costs, expenses or charges which arises as a consequence of the change in lending office, transfer, assignment, novation or other dealing; or

(b) any fees, Taxes, costs, expenses or charges in respect of the change in lending office, transfer, assignment, novation or other dealing.

A substitution will be regarded as a transfer for the purposes of this clause 15.5.

15.6 PROFESSIONAL MARKET PARTY (PMP)

The Obligors acknowledge that unless the Creditors are notified in writing by the Obligors' Agent of a change in the meaning of "PMP" as defined in the Dutch Banking Act Exemption Regulation, the Creditors will rely on, and will not independently investigate, the definition of PMP set out in this deed for the purpose of complying with the requirements of clause 15.2(b) and 15.4(a).

16 OBLIGORS' AGENT

16.1 OBLIGORS' AGENT AS AGENT OF THE OBLIGORS

Each Obligor (other than the Obligors' Agent):

(a) irrevocably authorises the Obligors' Agent to act on its behalf as its agent in relation to the Transaction Documents, including:

(i) to give and receive as agent on its behalf all notices and instructions (including drawdown notices);

(ii) to sign on its behalf all documents in connection with the Transaction Documents (including amendments and variations of any Transaction Documents, and to execute any new Transaction Documents); and

<PAGE>

(iii) to take such other action as may be necessary or desirable under or in connection with the Transaction Documents; and

(b) confirms that it will be bound by any action taken by the Obligors' Agent under or in connection with the Transaction Documents.

16.2 ACTS OF OBLIGORS' AGENT

(a) The respective liabilities of each of the Obligors under the Transaction Documents shall not be in any way affected by:

(i) any actual or purported irregularity in any act done or failure to act by the Obligors' Agent;

(ii) the Obligors' Agent acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or

(iii) any actual or purported failure by or inability of the Obligors' Agent to inform any Obligor of receipt by it of any notification under the Transaction Documents.

(b) In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

17 NOTICES

17.1 FORM

Unless expressly stated otherwise in a Transaction Document, all notices, certificates, consents, approvals, waivers and other communications in connection with that Transaction Document ("NOTICES") must be in writing, signed by an Authorised Officer of the sender and marked for attention as set out or referred to in the Details of this deed or another Transaction Document or, if the recipient has notified otherwise, marked for attention in the way last notified.

17.2 DELIVERY

Notices must be:

(a) delivered to the address set out or referred to in this deed or as set out as the recipient's relevant address in another Transaction Document; or

(b) sent by prepaid post (airmail, if appropriate) to the address set out or referred to in the Details or as set out as the recipient's address in another Transaction Document; or

(c) sent by fax to the fax number set out or referred to in the Details or as set out as the recipient's relevant fax number in another Transaction Document.

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However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.

17.3 WHEN EFFECTIVE

Notices take effect from the time they are received unless a later time is specified in them.

17.4 RECEIPT - POSTAL

If sent by post, Notices are taken to be received three Business Days after posting (or five Business Days after posting if sent across national boundaries).

17.5 RECEIPT - FAX

If sent by fax, Notices are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

17.6 RECEIPT - GENERAL

Despite clauses 17.4 ("Receipt - postal") and 17.5 ("Receipt - fax"), if Notices are received after 5:00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9:00am on the next Business Day.

17.7 NOTICES TO OR FROM FACILITY AGENT

A Notice to or from a facility agent appointed under a syndicated facility constitutes sufficient notice to or from the Creditors under that Facility Agreement for the purposes of this deed.

17.8 WAIVER OF NOTICE PERIOD

The Majority Creditor may waive a period of notice required to be given by an Obligor under any Transaction Document.

18 GENERAL

18.1 CONSENTS

Each Obligor agrees to comply with all conditions in any consent a Creditor gives in connection with a Transaction Document if the Obligor relies on that consent in performing its obligations under the Transaction Documents.

18.2 CERTIFICATES

A Creditor may give an Obligor a certificate about an amount payable or other matter in connection with a Transaction Document. Subject to any applicable provision of the Transaction Documents specifying the form or content of the certificate (including clause 6.2 of this deed), the certificate is sufficient evidence of the amount or matter, unless it is proved to be incorrect.

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18.3 SET-OFF

At any time after a declaration is made under clause 10.2 of this deed, the Creditor making the declaration (or on whose behalf a declaration was made by a facility agent for a syndicate of financiers) may set off any amount due for payment by the Creditor to an Obligor against any amount due for payment by the Obligor to the Creditor under the Transaction Document.

18.4 DISCRETION IN EXERCISING RIGHTS

A Creditor may exercise a right or remedy or give or refuse its consent under a Transaction Document in any way it considers appropriate (including by imposing conditions).

18.5 PARTIAL EXERCISING OF RIGHTS

If a Creditor does not exercise a right or remedy under a Transaction Document fully or at a given time, the Creditor may still exercise it later.

18.6 NO LIABILITY FOR LOSS

No Creditor is liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under a Transaction Document.

18.7 CONFLICT OF INTEREST

A Creditor's rights and remedies under any Transaction Document may be exercised even if this involves a conflict of duty or the Creditor has a personal interest in their exercise.

18.8 REMEDIES CUMULATIVE

The rights and remedies of a Creditor under any Transaction Document are in addition to other rights and remedies given by law independently of the Transaction Document.

18.9 INDEMNITIES

Any indemnity in a Transaction Document is a continuing obligation, independent of each Obligor's other obligations under that Transaction Document and continues after the Transaction Document ends. It is not necessary for a Creditor to incur expense or make payment before enforcing a right of indemnity under a Transaction Document.

18.10 RIGHTS AND OBLIGATIONS ARE UNAFFECTED

Rights given to a Creditor under a Transaction Document and each Obligor's liabilities under it are not affected by anything which might otherwise affect them at law.

18.11 INCONSISTENT LAW

To the extent permitted by law, each Transaction Document prevails to the extent it is inconsistent with any law.

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18.12 SUPERVENING LEGISLATION

Any present or future legislation which operates to vary the obligations of any Obligor in connection with a Transaction Document with the result that a Creditor's rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

18.13 VARIATION

A provision of a Transaction Document, or right created under it, may not be varied except in writing signed by the party or parties to be bound (whether directly or through a properly authorised agent or attorney). A provision of this deed may only be amended by agreement between the Obligors and each relevant Creditor.

18.14 WAIVER

A provision of this deed or right created under it may not be waived except in writing by the party granting the waiver.

18.15 CONFIDENTIALITY

No Obligor or Creditor may disclose information provided by any party to a Transaction Document that is not publicly available (including the existence of or contents of any Transaction Document) except:

(a) to any person in connection with an exercise of rights or (subject to compliance with clause 15) a dealing with rights or obligations under a Transaction Document (including when a Creditor consults other Creditors after an Event of Default or in connection with preparatory steps such as negotiating with any potential assignee or potential sub-participant or other person who is considering contracting with the Creditor in connection with a Transaction Document); or

(b) on a confidential basis, to officers, employees, legal and other advisers and auditors of any Obligor or Creditor; or

(c) on a confidential basis, to any party to a Transaction Document or any Related Entity of any party to a Transaction Document; or

(d) with the consent of the party who provided the information (such consent not to be unreasonably withheld); or

(e) as required by any law or stock exchange or any Governmental Agency (including for US and Dutch tax authorities).

Each Obligor and Creditor is taken to consent to disclosures made in accordance with this clause 18.15.

18.16 NO RESPONSIBILITY FOR OTHER'S OBLIGATIONS

If a Creditor does not comply with its obligations under a Transaction Document, this does not relieve any other Creditor or an Obligor of any of

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their respective obligations. No party is responsible for the obligations of another party.

18.17 FURTHER STEPS

Each Obligor agrees to do anything a Creditor reasonably asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

(a) to bind the Obligor and any other person intended to be bound under a Transaction Document;

(b) to enable a Creditor to register any power of attorney or any Transaction Document; or

(c) to show whether the Obligor is complying with this deed.

18.18 COUNTERPARTS

A Transaction Document may consist of a number of copies, each signed by one or more parties to the document. If so, the signed copies are treated as making up the one document.

18.19 GOVERNING LAW

Each Transaction Document is governed by the law in force in New South Wales. Each Obligor submits to the non-exclusive jurisdiction of the courts of that place.

18.20 SERVING DOCUMENTS

Subject to clause 18.21 ("Process Agent") and without preventing any other method of service, any document in a court action may be served on a party by being delivered to or left at that party's address for service of notices under clause 17 ("Notices").

18.21 PROCESS AGENT

Each Non-Australian Obligor appoints James Hardie Australia Pty Limited (ABN 12 084 635 558) of Level 3, 22 Pitt Street, Sydney NSW 2000 (Attention: The Company Secretary) as its agent for service of process to receive any document in connection with the Transaction Documents. If for any reason James Hardie Australia Pty Limited (ABN 12 084 635 558) ceases to be able to act as process agent for the Non-Australian Obligor, the Non-Australian Obligor must promptly appoint another person in New South Wales to act as its process agent and must promptly notify each Creditor (or, in the case of a syndicated facility, the facility agent) of that appointment.

EXECUTED as a deed poll

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JAMES HARIDE - COMMON TERMS DEED POLL

Schedule 1 - Verification Certificate (clause 3.1)

To: [NAME OF FINANCIER]

US$[-] BILATERAL FACILITY AGREEMENT DATED [-] BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. AND [NAME OF FINANCIER] ("FACILITY AGREEMENT")

I [NAME] am a director of [James Hardie International Finance B.V. (with corporate seat in Amsterdam) / James Hardie Industries N.V. (with corporate seat in Amsterdam)] ("COMPANY"). I refer to the Facility Agreement. Definitions in the Facility Agreement apply in this Certificate.

I CERTIFY as follows:

1 Attached to this Certificate is a complete and up to date copy of:

(a) the constituent documents of the Company; and

(b) a written resolution of the Managing Board and power of attorney in the name of the Company, evidencing resolutions of the Managing Board approving execution of those of the following documents to which the Company is expressed to be a party, appointing attorneys for that purpose and appointing Authorised Officers of the Company for the purposes of those documents:

(i) the Facility Agreement;

(ii) the Common Terms Deed Poll; and

(iii) the Interim Guarantee.

Those resolutions and that power of attorney have not been amended, modified or revoked and are in full force and effect.

2 Set out below are specimen signatures of the Authorised Officers of the Company.

AUTHORISED OFFICERS(#)

Name	Position	Signature
*	*	_____
*	*	_____
*	*	_____

One of the Authorised Officers must be the chief financial officer, treasurer or principal accounting officer of the Group (see clause 9.7 of the Common Terms Deed Poll).

DATED 2005

_____
Name:

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JAMES HARIDE - COMMON TERMS DEED POLL

Schedule 2 - Facility Nomination Letter
(clause 2.1)

To: [CREDITOR] [DATE]

JAMES HARDIE - COMMON TERMS DEED POLL - FACILITY NOMINATION LETTER

We refer to the James Hardie - Common Terms Deed Poll granted by ourselves (as Borrower and Obligors' Agent) and the Guarantor (as defined therein) dated [ ] 2005 ("CTDP").

For the purposes of the CTDP, on and from the date of this letter:

1. we nominate the following agreement as a Facility Agreement:

   NAME: [-]
   DATE: [-]
   PARTIES: [-]

2. the agreement, and each document named or referred to as a ["FINANCING DOCUMENT"] in the agreement, is a Transaction Document for the purposes of the CTDP; and

3. we nominate you as a "Creditor" pursuant to that Facility Agreement.

Please confirm your acceptance of the above nomination, and the benefit and obligations of the CTDP, by signing and returning the attached copy of this letter.

Clauses 1 ("Interpretation") and 18.19 ("Governing law") of the CTDP described above apply to this letter as they were fully set out in this letter.

For and on behalf of

JAMES HARDIE INTERNATIONAL FINANCE B.V. AS OBLIGORS' AGENT (with corporate seat in Amsterdam)

Authorised Officer: [NAME]

We accept and agree to the above nomination. We accept the benefit and obligations of the CTDP, and we agree to be bound by the terms of that deed. We confirm that we are [insert relevant category of PMP, eg a duly supervised bank in the European Union, United States or Australia] and accordingly we are a PMP within the meaning of the CTDP. In making this representation, we rely on, and have not independently investigated, the definition of PMP set out in the CTDP.

For and on behalf of [INSERT NAME OF CREDITOR]

by its Authorised Officer

Name: Title:

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JAMES HARIDE - COMMON TERMS DEED POLL

Schedule 3 - Form of New Borrower Deed Poll (clause 14.1)

DEED POLL

NEW BORROWER	[INSERT NAME AND ABN/ACN OR OTHER REGISTRATION NUMBER] of: [INSERT ADDRESS] Fax no: Attention:
CTDP	James Hardie - Common Terms Deed Poll by James Hardie International Finance B.V. and others dated [##] 2005.

BY THIS DEED POLL the New Borrower described above, for the benefit of each Creditor under the CTDP described above:

(a) irrevocably agrees that from the date of this deed poll it is a Borrower under the CTDP;

(b) irrevocably agrees to comply with and be bound by all current and future obligations of a Borrower or an Obligor under the CTDP or any other Transaction Document to which it is a party;

(c) acknowledges having read a copy of the CTDP before signing this deed poll;

(d) gives, as at the date of this deed poll, all representations and warranties on the part of a Borrower or an Obligor contained in the CTDP; and

(e) acknowledges receiving valuable consideration for this deed poll.

Clauses 1 ("Interpretation") and 18.19 ("Governing law") of the CTDP described above apply to this deed poll as if they were fully set out in this deed poll.

DATED [INSERT DATE]

EXECUTED as a deed poll

[INSERT EXECUTION CLAUSE FOR NEW BORROWER AND, IF IT IS A DUTCH COMPANY, ITS CORPORATE SEAT]

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JAMES HARIDE - COMMON TERMS DEED POLL

Schedule 4 - Form of Release Request
(clause 14.2)

[DATE]

To: [EACH RELEVANT CREDITOR]

JAMES HARDIE - COMMON TERMS DEED POLL - RELEASE REQUEST

We refer to the deed entitled James Hardie - Common Terms Deed Poll granted by ourselves and certain of our subsidiaries dated [ ] 2005 ("CTDP").

(a) RELEASE REQUEST

We request each of you release [INSERT NAME OF RETIRING BORROWER] ("Retiring Borrower") from all liability under the CTDP pursuant to the attached Deed of Release.

(b) REPRESENTATION AND WARRANTY

We represent and warrant that no Event of Default or Potential Event of Default is continuing or will result from the release of the Retiring Borrower.

Clause 1 of the CTDP applies to this Release Request as if it was fully set out in this Release Request.

For and on behalf of JAMES HARDIE INDUSTRIES N.V. (with corporate seat in Amsterdam)	For and on behalf of [INSERT THE NAME OF THE RETIRING BORROWER AND, IF IT IS A DUTCH COMPANY, ITS CORPORATE SEAT]
Authorised Officer: [Name]	Authorised Officer: [Name]

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Schedule 5 - Form of Deed of Release
(clause 14.2)

DEED OF RELEASE

PARTIES	THE CREDITOR, the RETIRING BORROWER and the OBLIGORS' AGENT, as described below.
CREDITOR	[INSERT NAME AND ABN/ACN OR OTHER REGISTRATION NUMBER OF A RELEVANT CREDITOR]
RETIRING BORROWER	[INSERT NAME AND ABN/ACN OR OTHER REGISTRATION NUMBER]
Obligors' Agent	[ ] on behalf of each Obligor other than the Retiring Borrower.
CTDP	James Hardie - Common Terms Deed Poll by James Hardie International Finance B.V. and others dated [ ] 2005.

The Creditor releases the Retiring Borrower described above from all liability under the CTDP described above, with effect from [INSERT DATE OR "THE DATE OF THIS DEED"].

Nothing in this deed affects the obligations of the Retiring Borrower described above other than under the CTDP.

Each Obligor (other than the Retiring Borrower) consents to this release and agrees that nothing in this deed affects its obligations to the Creditor or the Creditor's rights in respect of the Obligors (other than the Retiring Borrower) under a Transaction Document.

Clauses 1 ("Interpretation") and 18.19 ("Governing law") of the CTDP described above apply to this deed as if they were fully set out in this deed.

DATED [INSERT DATE]

EXECUTED as a deed

[INSERT EXECUTION CLAUSES FOR (1) EACH CREDITOR, (2) THE OBLIGORS' AGENT (AND ITS CORPORATE SEAT) ON BEHALF OF EACH OBLIGOR OTHER THAN THE RETIRING BORROWER, AND (3) THE RETIRING BORROWER AND, IF IT IS A DUTCH COMPANY, ITS CORPORATE SEAT]

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JAMES HARIDE - COMMON TERMS DEED POLL

Signing page

DATED: June 2005

SIGNED, SEALED AND DELIVERED by and as attorneys for JAMES HARDIE INTERNATIONAL FINANCE B.V. under power of attorney dated in the presence of: ..... Signature of witness ..... Name of witness (block letters)	)	..... By executing this deed each attorney states that the attorney has received no notice of revocation of the power of attorney
SIGNED, SEALED AND DELIVERED by and as attorneys for JAMES HARDIE INDUSTRIES N.V. under power of attorney dated in the presence of: ..... Signature of witness ..... Name of witness (block letters)	)	..... By executing this deed each attorney states that the attorney has received no notice of revocation of the power of attorney

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EXHIBIT 2.23

MALLESONS STEPHEN JAQUES

Form of James Hardie - Term Facility Agreement

Dated #1#

James Hardie International Finance B.V.
("BORROWER" and "OBLIGORS' AGENT")
#2# ("FINANCIER")

MALLESONS STEPHEN JAQUES
Level 60
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.mallesons.com
Ref: YC:CS

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FORM OF JAMES HARDIE - TERM FACILITY AGREEMENT
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JAMES HARDIE - TERM FACILITY AGREEMENT

Details

INTERPRETATION - Definitions are in clause 1.

PARTIES	BORROWER, OBLIGORS' AGENT and FINANCIER, each as described below.	
BORROWER and OBLIGORS' AGENT	Name	JAMES HARDIE INTERNATIONAL FINANCE B.V.
	Corporate seat	Amsterdam
	Registered Number	34108775
	Address	8th Floor, Atrium, Unit 08 Strawinskylaan 3077 1077 ZX Amsterdam The Netherlands
	Fax	+ 31 20 404 2544
	Attention	Treasurer
FINANCIER	Name	#2#
	ABN or Registered Number	#3#
	Address	#4#
	Fax	#5#
	Attention	#6#
FACILITY	Description	Revolving US$ cash advance facility.
	Facility Limit	US$#7#
	Maturity Date	The first anniversary of the date of this agreement with automatic extension to the fifth anniversary of the date of this agreement if the Extension Events occur on or before the first anniversary of the date of this agreement.
	Currency	US$

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	Interest Rate	For an Interest Period, means LIBOR plus the Margin.
	Margin	#8#
	Interest Periods	Subject to clause 4.2 ("Selection of Interest Period"), 1, 2, 3 or 6 months, or such other period as agreed between the Borrower and Financier.
	Purpose	For general corporate purposes of the Group, including, without limitation: - to fund the Group's working capital requirements; - to refinance existing Financial Indebtedness and pay related transaction costs; - to fund or reimburse against capital expenditure costs and payments to the Fund by any Group member; and/or - to fund distributions or other capital payments (if any).
FEES (also see clause 8)	Establishment Fee	#9#
	Commitment fee	#10#
DATE OF AGREEMENT	See Signing page	

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JAMES HARDIE - TERM FACILITY AGREEMENT

General terms

1 DEFINITIONS

1.1 DEFINITIONS

AMOUNT OWING means the total of all amounts which are then due for payment, or which will or may become due for payment, in connection with any Financing Document (including transactions in connection with them) to the Financier.

AVAILABILITY PERIOD means the period commencing on the date of this agreement and ending on the Maturity Date or, if earlier, the date on which the Facility Limit is cancelled in full.

BORROWER means the person so described in the Details.

COMMON TERMS DEED POLL means the deed poll entitled "James Hardie - Common Terms Deed Poll" entered into by the Borrower and the Guarantor dated on or about the date of this agreement.

DEFAULT RATE means the applicable Interest Rate at the time plus 2% per annum. For the purpose of this definition, the Interest accrues daily from (and including) the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and a year of 360 days as if the overdue amount is a cash advance with Interest Periods of 30 days (or another period chosen from time to time by the Financier) with the first Interest Period starting on and including the due date.

DETAILS means the section of this agreement headed "Details".

DRAWDOWN DATE means the Business Day on which a drawdown of the Facility is or is to be made but does not include a rollover of a Drawing on the last day of an Interest Period.

DRAWDOWN NOTICE means a completed notice in writing, substantially in the form of, and containing the information and representations and warranties set out in, schedule 1 ("Drawdown Notice") and signed by an Authorised Officer of the Borrower.

DRAWING means the outstanding principal amount of a drawdown made under the Facility.

EXTENSION EVENTS means:

(a) the Principal Deed has been executed by each party to it;

(b) all conditions precedent to the commencement of the Principal Deed have been satisfied or waived;

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(c) the Guarantee and Subordination Documents have been executed by all parties to them;

(d) closing legal opinions in form and substance satisfactory to the Financier in respect of the Guarantee and Subordination Documents are delivered to the Financier from De Brauw Blackstone Westbroek (Netherlands legal advisers to the Obligors) and Mallesons Stephen Jaques (Australian legal advisers to the Obligors); and

(e) the Financier notifies the Obligors' Agent in writing that the terms of:

(i) the Principal Deed; and

(ii) the Guarantee and Subordination Documents,

are satisfactory to the Financier for the purposes of extending the Maturity Date in accordance with the terms of this agreement.

In relation to paragraph (e), the Financier must:

(i) act in good faith in reaching its decision; and

(ii) give notice of its decision in writing as soon as reasonably practicable (provided that the Obligors' Agent provides such assistance as is reasonably required by the Financier in order for it to reach a decision) and in any case within 30 days of receiving copies of the executed Principal Deed and Guarantee and Subordination Documents from the Obligors' Agent.

FACILITY means the facility made available under this agreement.

FACILITY LIMIT means the amount set out as such in the Details, as reduced by the total of all cancellations under this agreement.

FEE PAYMENT DATE means each 31 March, 30 June, 30 September and 31 December after the date of this agreement.

FINANCIER means the person so described in the Details.

FINANCING DOCUMENT means each of:

(a) this agreement;

(b) the Common Terms Deed Poll;

(c) the Interim Guarantee between the Guarantor and the Financier;

(d) the Guarantee and Subordination Documents;

(e) each Drawdown Notice;

(f) each Selection Notice;

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(g) any other document which the Borrower and the Financier agree to be a Financing Document; and

(h) any document entered into for the purpose of amending or novating any of the above.

INTEREST PAYMENT DATE means, in respect of an Interest Period, the last day of that Interest Period.

INTEREST PERIOD means each period selected in accordance with clause 4.2 ("Selection of Interest Period").

INTEREST RATE means, subject to clause 4.6 ("Market disruption"), the interest rate set out in the Details.

LIBOR means, in relation to any Drawing:

(a) the applicable British Bankers' Association Interest Settlement Rate for US$ and the relevant period displayed on the appropriate page of the Reuters screen (but if the agreed page is replaced or service ceases to be available, the Financier may specify another page or service displaying the appropriate rate after consultation with the Borrower) ("SCREEN RATE"); or

(b) (if no Screen Rate is available for US$ and the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Financier at its request quoted by the principal London offices of at least three leading international banks chosen by the Financier in consultation with the Borrower to other leading banks in the London interbank market,

as of 11:00am (London time) on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined for the offering of deposits in US$ and for a period comparable to the Interest Period for that Drawing.

MARGIN means on any day, the margin set out in the Details.

MARKET DISRUPTION EVENT means:

(a) at or about noon on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined, by reason of circumstances affecting the London interbank market for US$, the "LIBOR" component of the Interest Rate cannot be determined; or

(b) before close of business in London on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined, the Financier determines that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR.

MATURITY DATE means the maturity date for the Facility as set out in the Details, but if that is not a Business Day, then the preceding Business Day.

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SELECTION NOTICE means a notice under clause 4.2(b) ("Selection of Interest Period"), to be substantially in the form of schedule 2 ("Selection Notice").

UNDRAWN FACILITY LIMIT means the Facility Limit less the aggregate of all Drawings outstanding.

1.2 INTERACTION WITH THE COMMON TERMS DEED POLL

(a) The Borrower acknowledges that:

(i) the Financier is a Creditor; and

(ii) this agreement is a Facility Agreement,

for the purposes of the Common Terms Deed Poll.

(b) On execution of this agreement, the provisions of the Common Terms Deed Poll (subject to paragraph (d) below) are incorporated into this agreement to the intent and effect that any such provision for the benefit of a Creditor or the Borrower (as defined in the Common Terms Deed Poll) may be enforced by the Financier or the Borrower to the same extent as if the Financier was a party to the Common Terms Deed Poll.

(c) A term which has a defined meaning (including by reference to another document) in the Common Terms Deed Poll has the same meaning when used in this agreement unless it is expressly defined in this agreement, in which case the meaning in this agreement prevails.

(d) Where a conflict arises between a provision of the Common Terms Deed Poll and this agreement, the Common Terms Deed Poll will prevail unless the provision in this agreement includes words substantially to the effect of "Despite the terms of the Common Terms Deed Poll", in which case the relevant provision of this agreement prevails.

2 THE FACILITY AND FACILITY LIMIT

2.1 FINANCIER TO FUND

The Financier agrees to provide to the Borrower the financial accommodation requested by the Obligors' Agent under this agreement.

2.2 MAXIMUM ACCOMMODATION

The financial accommodation to be provided under this agreement must not exceed the Facility Limit.

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3 USING THE FACILITY

3.1 DRAWING DOWN

The Borrower need not use the Facility. However, if the Borrower wants to use the Facility, it may do so by one or more drawdowns.

3.2 REQUESTING A DRAWDOWN

(a) If the Borrower wants a drawdown, the Obligors' Agent must provide a written Drawdown Notice to the Financier by 11:00am (London time)at least 2 Business Days prior to the requested Drawdown Date (or such later time as the Financier may agree).

(b) The minimum amount of a Drawing is the lesser of:

(i) US$1,000,000; and

(ii) the Undrawn Facility Limit.

3.3 EFFECT OF A DRAWDOWN NOTICE

A Drawdown Notice is effective when the Financier actually receives it in legible form. An effective Drawdown Notice is irrevocable.

3.4 CONDITIONS TO FIRST DRAWDOWN

The Borrower agrees not to request the first drawdown, and a Financier is not obliged to provide the first drawdown, unless:

(a) all the conditions precedent listed in clause 3 ("Conditions precedent") of the Common Terms Deed Poll have been either satisfied or waived in accordance with that agreement; and

(b) a completed Facility Nomination Letter nominating this agreement as a Facility Agreement has been received by the Financier.

3.5 CONDITIONS TO ALL DRAWDOWNS

In addition to the conditions precedent in clause 3 ("Conditions precedent") of the Common Terms Deed Poll, the Financier need not provide any financial accommodation on a Drawdown Date unless it is satisfied that:

(a) the Drawdown Date is a Business Day during the Availability Period for the Facility;

(b) the amount of the Drawing equals or exceeds the minimum drawdown amount set out in clause 3.2(b) ("Requesting a drawdown");

(c) after the Drawing has been made, the sum of all outstanding Drawings will not exceed the Facility Limit;

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(d) the Financier has received a Drawdown Notice in respect of the requested drawdown in accordance with clause 3.2 ("Requesting a drawdown"); and

(e) the proposed Drawing is for one or more of the purposes set out in the Details.

3.6 BENEFIT OF CONDITIONS

Each condition to a drawdown is for the sole benefit of the Financier and may only be waived by the Financier.

3.7 CURRENCY AND TIMING OF DRAWDOWNS

The Financier agrees to make each drawdown available to the account specified in the relevant Drawdown Notice in immediately available US$ funds by 2:00pm (local time in Amsterdam) on the relevant Drawdown Date.

4 INTEREST

4.1 INTEREST CHARGES

The Borrower must pay interest on each Drawing for each of its Interest Periods at the applicable Interest Rate. Interest:

(a) accrues daily from and including the first day of an Interest Period to but excluding the last day of the Interest Period; and

(b) is payable in arrears on each relevant Interest Payment Date; and

(c) is calculated on actual days elapsed and a year of 360 days.

4.2 SELECTION OF INTEREST PERIOD

An Interest Period for a Drawing is:

(a) for the first Interest Period, the period specified in the Drawdown Notice for that Drawing; and

(b) for each subsequent Interest Period, a period notified in a Selection Notice given by the Borrower to the Financier on the Business Day before the last day of the current Interest Period. However, in each case, the specified period must be one that is set out in the Details. If the Obligors' Agent does not give correct notice, the subsequent Interest Period is the same length as the Interest Period which immediately precedes it (or it is the period until the Maturity Date, if that is shorter than the preceding Interest Period).

4.3 WHEN INTEREST PERIODS BEGIN AND END

(a) An Interest Period for a Drawing begins:

(i) for the first Interest Period, on its Drawdown Date; and

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(ii) for each subsequent Interest Period, on the day when the preceding Interest Period for the Drawing ends.

(b) An Interest Period which would otherwise end on a day which is not a Business Day ends on the next Business Day (unless that day falls in the following month, in which case the Interest Period ends on the previous Business Day). However, an Interest Period which would otherwise end after the Maturity Date ends on the Maturity Date.

(c) If an Interest Period of one or a number of months commences on a date in a month for which there is no corresponding date in the month in which the Interest Period is to end, it will end on the last Business Day of the latter month.

4.4 LIMIT ON INTEREST PERIODS

In selecting Interest Periods under clause 4.2 ("Selection of Interest Period"), the Obligors' Agent must ensure that there are no more than 5 different Interest Periods at any one time.

4.5 NOTIFICATION OF INTEREST

Interest on a Drawing is payable in immediately available funds.

The Financier will notify the Obligors' Agent of the interest rates determined under this agreement as soon as they are ascertained. Failure to do so will not affect the obligations of the Borrower in any way.

4.6 MARKET DISRUPTION

If a Market Disruption Event occurs in relation to a Drawing for any Interest Period, then the Interest Rate on that Drawing for the Interest Period shall be the rate per annum which is the sum of:

(a) the Margin; and

(b) the rate notified by the Financier as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to the Financier of funding its participation in that Drawing from whatever source it may reasonably select.

4.7 ALTERNATIVE BASIS OF INTEREST OR FUNDING

(a) If a Market Disruption Event occurs and the Financier or the Borrower so requires, the Financier and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of the Financier and the Borrower, be binding on each of them.

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5 REPAYING AND PREPAYING

5.1 REPAYMENT

The Borrower agrees to repay the total of the Drawings and all interest and other amounts (including default interest) which have accrued or which are otherwise payable (but unpaid) in respect of this agreement on the Maturity Date.

5.2 PREPAYMENT

The Borrower may prepay all or part of a Drawing as follows:

(a) if only part of a Drawing is prepaid, it must be at least US$1,000,000 and a whole multiple of US$500,000, or such lesser amount as may be agreed by the Financier (at its discretion) from time to time; and

(b) the Borrower must also pay all accrued (but unpaid) interest on that Drawing; and

(c) the Obligors' Agent must notify the proposed prepayment in writing to the Financier at least 10 Business Days prior to the date of the requested prepayment (as at close of business Sydney time) (once given, a notice of prepayment is irrevocable and the Borrower is obliged to prepay in accordance with the notice).

If the prepayment is made on an Interest Payment Date for the Drawing to be prepaid, no Break Costs are payable. However, if the Borrower prepays on a day other than the Interest Payment Date for the Drawing to be prepaid and the Financier incurs any Break Costs as a result of such prepayment, then the Borrower will be liable for Break Costs (if any) under clause 12 ("Costs and indemnities") of the Common Terms Deed Poll.

5.3 PREPAYMENT AND THE FACILITY LIMIT

The Facility Limit is not reduced by amounts prepaid under clause 5.2 ("Prepayment").

6 PAYMENTS

6.1 PAYMENT BY DIRECTION

If the Financier directs the Borrower to pay a particular party or in a particular manner, the Borrower is taken to have satisfied its obligation to the Financier by paying in accordance with the direction.

6.2 AMOUNT OWING

Subject to the provisions of any Financing Document, the Borrower agrees to repay the Amount Owing on the Maturity Date under this agreement.

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6.3 APPLICATION OF PAYMENTS - PRE-DEFAULT

Prior to an Event of Default, the Financier will apply amounts paid by the Borrower in accordance with the terms of the Financing Documents.

6.4 APPLICATION OF PAYMENTS - POST-DEFAULT

If an Event of Default subsists, the Financier may apply amounts paid by the Borrower towards satisfaction of the Borrower's obligations under the Financing Documents in the manner it sees fit, unless the Financing Documents expressly provide otherwise. This appropriation overrides any purported appropriation by the Borrower or any other person.

7 CANCELLATION

The Borrower may cancel the Undrawn Facility Limit in whole or in part at any time during the Availability Period by notifying the Financier in writing at least 2 Business Days prior to the date the cancellation is to take effect. A partial cancellation must be at least US$1,000,000, unless the Financier agrees otherwise. Once given, the notice is irrevocable. The Facility Limit is reduced by the amount of any cancellation.

The Facility Limit is automatically cancelled at 5:30pm (Sydney time) on the last day of the Availability Period.

8 FEES

8.1 ESTABLISHMENT FEE

The Borrower agrees to pay on the first Business Day after the date of this agreement, an establishment fee as set out in the Details.

8.2 COMMITMENT FEE

The Borrower agrees to pay in arrears on each Fee Payment Date, on any cancellation date described below and on the Maturity Date, the accrued but unpaid commitment fee as set out in the Details.

If the Borrower cancels any of the Undrawn Facility Limit, it also agrees to pay on the cancellation date, the commitment fee in respect of the cancelled amount from (but excluding) the last Fee Payment Date up to and including the cancellation date.

The commitment fee is calculated on actual days elapsed using a 360 day year.

9 FINANCIER REPRESENTATION

The Financier represents that it is a duly supervised bank in #11# and accordingly it is a PMP within the meaning of this agreement as at the date of execution of this agreement. The Borrower acknowledges that in making this

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representation the Financier relies on, and has not independently investigated, the definition of PMP set out in the Common Terms Deed Poll.

10 INTEREST ON OVERDUE AMOUNTS

This clause applies despite the provisions of the Common Terms Deed Poll.

10.1 OBLIGATION TO PAY

If the Borrower does not pay any amount under or in respect of this agreement (including an amount of interest payable under this clause 10.1) on the due date for payment, the Borrower must pay interest on that amount at the Default Rate. The interest accrues daily from (and including) the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and a year of 360 days.

The Borrower must pay interest under this clause to the Financier on demand from the Financier on the last Business Day of each calendar month.

10.2 COMPOUNDING

Interest payable under clause 10.1 ("Obligation to pay") which is not paid when due for payment may be added to the overdue amount by the Financier on the last Business Day of each calendar month. Interest is payable on the increased overdue amount at the Default Rate in the manner set out in clause 10.1 ("Obligation to pay").

10.3 INTEREST FOLLOWING JUDGMENT

If a liability becomes merged in a judgment, the Borrower must pay interest on the amount of that liability as an independent obligation. This interest:

(a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and

(b) is calculated at the judgment rate or the Default Rate (whichever is higher).

The Borrower must pay interest under this clause to the Financier on demand from the Financier.

11 GOVERNING LAW

This agreement is governed by the law in force in New South Wales and the Borrower submits to the non-exclusive jurisdiction of the courts of that place.

EXECUTED as an agreement.

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JAMES HARDIE - TERM FACILITY AGREEMENT

Schedule 1 - Drawdown Notice (clause 3)

To: [ ]

Attention: [ ]

Fax: [ ]

[DATE]

DRAWDOWN NOTICE - JAMES HARDIE - TERM FACILITY AGREEMENT DATED [ ] 2005 BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. ("BORROWER" AND "OBLIGORS' AGENT") AND [ ] ("FINANCIER") ("FACILITY AGREEMENT")

Under clause 3.2 ("Requesting a drawdown") of the Facility Agreement, the Obligors' Agent gives notice as follows.(1)

The Borrower wants to borrow under the Facility.

- The requested Drawdown Date is [ ].(2)

- The amount of the proposed drawdown is US$[ ].

- The requested first Interest Period is [ ].

- The proposed drawdown is to be paid to:

  Account number: [ ]
  Account name: [ ]
  Bank: [ ]
  Branch: [ ]
  Branch identifying number (Fedwire, BSB, etc): [ ]

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

[for the first Drawdown only]: the representations and warranties in clause 8 ("Representations and warranties") of the Common Terms Deed Poll are correct and not misleading on the date of this notice and that each will be correct and not misleading on the Drawdown Date.

[for any subsequent Drawdown]: those representations and warranties listed in clause 3.2(a) ("Conditions to subsequent drawdowns") of the Common Terms Deed Poll as required to be true on the date of each drawdown notice, are correct and not misleading on the date of this notice and that each will be correct and not misleading on the Drawdown Date.

No Event of Default or Potential Event of Default subsists at the date of this notice or will result from the provision of the requested utilisation.

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Clause 1 ("Definitions") of the Facility Agreement applies to this notice as if it was fully set out in this notice.

_____

[NAME OF PERSON] being
an Authorised Officer of
JAMES HARDIE INTERNATIONAL FINANCE B.V.
as Obligors' Agent (with corporate seat in Amsterdam)

INSTRUCTIONS FOR COMPLETION

(1) All items must be completed.

(2) Must be a Business Day within the Availability Period.

Schedule 2 - Selection Notice (clause 4.2)

To: [ ]

Attention: [ ]

Fax: [ ]

[DATE]

SELECTION NOTICE - JAMES HARDIE - TERM FACILITY AGREEMENT DATED [ ] 2005 BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. ("BORROWER" AND "OBLIGORS' AGENT") AND [ ] ("FINANCIER") ("FACILITY AGREEMENT")

Terms defined in the Facility Agreement have the same meaning when used in this notice.

This is an irrevocable notice under clause 4.2 ("Selection of Interest Period") of the Facility Agreement.

Under clause 4.2 ("Selection of Interest Period") of the Facility Agreement, the Obligors' Agent gives notice as follows:

The current Interest Period is due to end on [ ].

The Interest Period following the current Interest Period is to be a period of [ ](1).

_____

[NAME OF PERSON] being
an Authorised Officer of

JAMES HARDIE INTERNATIONAL FINANCE B.V.
as Obligors' Agent (with corporate seat in Amsterdam)

INSTRUCTIONS FOR COMPLETION

(1) To be an Interest Period set out in the Details

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JAMES HARDIE - TERM FACILITY AGREEMENT

Signing page

DATED: #1#

BORROWER AND OBLIGORS' AGENT

SIGNED by and as attorneys for JAMES HARDIE INTERNATIONAL FINANCE B.V. under power of attorney dated in the presence of:	)	_____
_____ Signature of witness _____ Name of witness (block letters)	)	_____ By executing this agreement each attorney states that the attorney has received no notice of revocation of the power of attorney

FINANCIER

SIGNED by as attorney for #2# under power of attorney dated in the presence of:	)	
_____ Signature of witness _____ Name of witness (block letters)	)	_____ By executing this agreement the attorney states that the attorney has received no notice of revocation of the power of attorney

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EXHIBIT 2.24

MALLESONS STEPHEN JAQUES

Form of James Hardie -
364-day Facility
Agreement

Dated #1#

James Hardie International Finance B.V. ("BORROWER"
and "OBLIGORS' AGENT")
#2# ("FINANCIER")

MALLESONS STEPHEN JAQUES
Level 60
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.mallesons.com
Ref: YC:CS

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FORM OF JAMES HARDIE - 364-DAY FACILITY AGREEMENT

Details

INTERPRETATION - Definitions are in clause 1.

PARTIES	BORROWER, OBLIGORS' AGENT and FINANCIER, each as described below.	
BORROWER and OBLIGORS' AGENT	Name	JAMES HARDIE INTERNATIONAL FINANCE B.V.
	Corporate seat	Amsterdam
	Registered Number	34108775
	Address	8th Floor, Atrium, Unit 08 Strawinskylaan 3077 1077 ZX Amsterdam The Netherlands
	Fax	+ 31 20 404 2544
	Attention	Treasurer
FINANCIER	Name	#2#
	ABN or Registered Number	#3#
	Address	#4#
	Fax	#5#
	Attention	#6#
FACILITY	Description	Revolving US$ cash advance facility.
	Facility Limit	US$#7#
	Maturity	Date The day 364 days after the date of this agreement, or the agreed extended Maturity Date if extended in accordance with clause 5.2 ("Extension of Maturity Date").
	Currency	US$
	Interest Rate	For an Interest Period, means LIBOR plus the Margin.

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	Margin	#8#
	Interest Periods	Subject to clause 4.2 ("Selection of Interest Period"), 1, 2, 3 or 6 months, or such other period as agreed between the Borrower and Financier.
	Purpose	For general corporate purposes of the Group, including, without limitation: - to fund the Group's working capital requirements; - to refinance existing Financial Indebtedness and pay related transaction costs; - to fund or reimburse against capital expenditure costs and payments to the Fund by any Group member; and/or - to fund distributions or other capital payments (if any).
FEES (also see clause 8)	Establishment Fee	#9#
	Commitment Fee Fee	#10#
DATE OF AGREEMENT	See Signing page	

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JAMES HARDIE - 364-DAY FACILITY AGREEMENT

General terms

1 DEFINITIONS

1.1 DEFINITIONS

AMOUNT OWING means the total of all amounts which are then due for payment, or which will or may become due for payment, in connection with any Financing Document (including transactions in connection with them) to the Financier.

AVAILABILITY PERIOD means the period commencing on the date of this agreement and ending on the Maturity Date or, if earlier, the date on which the Facility Limit is cancelled in full.

BORROWER means the person so described in the Details.

COMMON TERMS DEED POLL means the deed poll entitled "James Hardie - Common Terms Deed Poll" entered into by the Borrower and the Guarantor dated on or about the date of this agreement.

DEFAULT RATE means the applicable Interest Rate at the time plus 2% per annum. For the purpose of this definition, the Interest accrues daily from (and including) the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and a year of 360 days as if the overdue amount is a cash advance with Interest Periods of 30 days (or another period chosen from time to time by the Financier) with the first Interest Period starting on and including the due date.

DETAILS means the section of this agreement headed "Details".

DRAWDOWN DATE means the Business Day on which a drawdown of the Facility is or is to be made but does not include a rollover of a Drawing on the last day of an Interest Period.

DRAWDOWN NOTICE means a completed notice in writing, substantially in the form of, and containing the information and representations and warranties set out in, schedule 1 ("Drawdown Notice") and signed by an Authorised Officer of the Borrower.

DRAWING means the outstanding principal amount of a drawdown made under the Facility.

FACILITY means the facility made available under this agreement.

FACILITY LIMIT means:

(a) the amount set out as such in the Details; or

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(b) if the Maturity Date has been extended under clause 5.2 ("Extension of Maturity Date"), the amount of the Facility Limit being extended specified in the extension request,

each as reduced by the total of all cancellations under this agreement.

FEE PAYMENT DATE means each 31 March, 30 June, 30 September and 31 December after the date of this agreement.

FINANCIER means the person so described in the Details.

FINANCING DOCUMENT means each of:

(a) this agreement;

(b) the Common Terms Deed Poll;

(c) the Interim Guarantee between the Guarantor and the Financier;

(d) the Guarantee and Subordination Documents;

(e) each Drawdown Notice;

(f) each Selection Notice;

(g) any other document which the Borrower and the Financier agree to be a Financing Document; and

(h) any document entered into for the purpose of amending or novating any of the above.

INTEREST PAYMENT DATE means, in respect of an Interest Period, the last day of that Interest Period.

INTEREST PERIOD means each period selected in accordance with clause 4.2 ("Selection of Interest Period").

INTEREST RATE means, subject to clause 4.6 ("Market disruption"), the interest rate set out in the Details.

LIBOR means, in relation to any Drawing:

(a) the applicable British Bankers' Association Interest Settlement Rate for US$ and the relevant period displayed on the appropriate page of the Reuters screen (but if the agreed page is replaced or service ceases to be available, the Financier may specify another page or service displaying the appropriate rate after consultation with the Borrower) ("SCREEN RATE"); or

(b) (if no Screen Rate is available for US$ and the Interest Period of that Drawing) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Financier at its request quoted by the principal London offices of at least three leading international banks chosen by the Financier in consultation with the Borrower to other leading banks in the London interbank market,

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as of 11:00am (London time) on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined for the offering of deposits in US$ and for a period comparable to the Interest Period for that Drawing.

MARGIN means on any day, the margin set out in the Details.

MARKET DISRUPTION EVENT means:

(a) at or about noon on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined, by reason of circumstances affecting the London interbank market for US$, the "LIBOR" component of the Interest Rate cannot be determined; or

(b) before close of business in London on the day two Business Days before the first day of an Interest Period for which the interest rate is to be determined, the Financier determines that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR.

MATURITY DATE means the maturity date for the Facility as set out in the Details, but if that is not a Business Day, then the preceding Business Day.

REVIEW DATE means:

(a) the date 6 months from the date of this agreement; and

(b) thereafter, each date 6 months before the then Maturity Date.

SELECTION NOTICE means a notice under clause 4.2(b) ("Selection of Interest Period"), to be substantially in the form of schedule 2 ("Selection Notice").

UNDRAWN FACILITY LIMIT means the Facility Limit less the aggregate of all Drawings outstanding.

1.2 INTERACTION WITH THE COMMON TERMS DEED POLL

(a) The Borrower acknowledges that:

(i) the Financier is a Creditor; and

(ii) this agreement is a Facility Agreement,

for the purposes of the Common Terms Deed Poll.

(b) On execution of this agreement, the provisions of the Common Terms Deed Poll (subject to paragraph (d) below) are incorporated into this agreement to the intent and effect that any such provision for the benefit of a Creditor or the Borrower (as defined in the Common Terms Deed Poll) may be enforced by the Financier or the Borrower to the same extent as if the Financier was a party to the Common Terms Deed Poll.

(c) A term which has a defined meaning (including by reference to another document) in the Common Terms Deed Poll has the same meaning when

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used in this agreement unless it is expressly defined in this agreement, in which case the meaning in this agreement prevails.

(d) Where a conflict arises between a provision of the Common Terms Deed Poll and this agreement, the Common Terms Deed Poll will prevail unless the provision in this agreement includes words substantially to the effect of "Despite the terms of the Common Terms Deed Poll", in which case the relevant provision of this agreement prevails.

2 THE FACILITY AND FACILITY LIMIT

2.1 FINANCIER TO FUND

The Financier agrees to provide to the Borrower the financial accommodation requested by the Obligors' Agent under this agreement.

2.2 MAXIMUM ACCOMMODATION

The financial accommodation to be provided under this agreement must not exceed the Facility Limit.

3 USING THE FACILITY

3.1 DRAWING DOWN

The Borrower need not use the Facility. However, if the Borrower wants to use the Facility, it may do so by one or more drawdowns.

3.2 REQUESTING A DRAWDOWN

(a) If the Borrower wants a drawdown, the Obligors' Agent must provide a written Drawdown Notice to the Financier by 11:00am (London time)at least 2 Business Days prior to the requested Drawdown Date (or such later time as the Financier may agree).

(b) The minimum amount of a Drawing is the lesser of:

(i) US$1,000,000; and

(ii) the Undrawn Facility Limit.

3.3 EFFECT OF A DRAWDOWN NOTICE

A Drawdown Notice is effective when the Financier actually receives it in legible form. An effective Drawdown Notice is irrevocable.

3.4 CONDITIONS TO FIRST DRAWDOWN

The Borrower agrees not to request the first drawdown, and a Financier is not obliged to provide the first drawdown, unless:

<PAGE>

(a) all the conditions precedent listed in clause 3 ("Conditions precedent") of the Common Terms Deed Poll have been either satisfied or waived in accordance with that agreement; and

(b) a completed Facility Nomination Letter nominating this agreement as a Facility Agreement has been received by the Financier.

3.5 CONDITIONS TO ALL DRAWDOWNS

In addition to the conditions precedent in clause 3 ("Conditions precedent") of the Common Terms Deed Poll, the Financier need not provide any financial accommodation on a Drawdown Date unless it is satisfied that:

(a) the Drawdown Date is a Business Day during the Availability Period for the Facility;

(b) the amount of the Drawing equals or exceeds the minimum drawdown amount set out in clause 3.2(b) ("Requesting a drawdown");

(c) after the Drawing has been made, the sum of all outstanding Drawings will not exceed the Facility Limit;

(d) the Financier has received a Drawdown Notice in respect of the requested drawdown in accordance with clause 3.2 ("Requesting a drawdown"); and

(e) the proposed Drawing is for one or more of the purposes set out in the Details.

3.6 BENEFIT OF CONDITIONS

Each condition to a drawdown is for the sole benefit of the Financier and may only be waived by the Financier.

3.7 CURRENCY AND TIMING OF DRAWDOWNS

The Financier agrees to make each drawdown available to the account specified in the relevant Drawdown Notice in immediately available US$ funds by 2:00pm (local time in Amsterdam) on the relevant Drawdown Date.

4 INTEREST

4.1 INTEREST CHARGES

The Borrower must pay interest on each Drawing for each of its Interest Periods at the applicable Interest Rate. Interest:

(a) accrues daily from and including the first day of an Interest Period to but excluding the last day of the Interest Period; and

(b) is payable in arrears on each relevant Interest Payment Date; and

(c) is calculated on actual days elapsed and a year of 360 days.

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4.2 SELECTION OF INTEREST PERIOD

An Interest Period for a Drawing is:

(a) for the first Interest Period, the period specified in the Drawdown Notice for that Drawing; and

(b) for each subsequent Interest Period, a period notified in a Selection Notice given by the Borrower to the Financier on the Business Day before the last day of the current Interest Period. However, in each case, the specified period must be one that is set out in the Details. If the Obligors' Agent does not give correct notice, the subsequent Interest Period is the same length as the Interest Period which immediately precedes it (or it is the period until the Maturity Date, if that is shorter than the preceding Interest Period).

4.3 WHEN INTEREST PERIODS BEGIN AND END

(a) An Interest Period for a Drawing begins:

(i) for the first Interest Period, on its Drawdown Date; and

(ii) for each subsequent Interest Period, on the day when the preceding Interest Period for the Drawing ends.

(b) An Interest Period which would otherwise end on a day which is not a Business Day ends on the next Business Day (unless that day falls in the following month, in which case the Interest Period ends on the previous Business Day). However, an Interest Period which would otherwise end after the Maturity Date ends on the Maturity Date.

(c) If an Interest Period of one or a number of months commences on a date in a month for which there is no corresponding date in the month in which the Interest Period is to end, it will end on the last Business Day of the latter month.

4.4 LIMIT ON INTEREST PERIODS

In selecting Interest Periods under clause 4.2 ("Selection of Interest Period"), the Obligors' Agent must ensure that there are no more than 5 different Interest Periods at any one time.

4.5 NOTIFICATION OF INTEREST

Interest on a Drawing is payable in immediately available funds.

The Financier will notify the Obligors' Agent of the interest rates determined under this agreement as soon as they are ascertained. Failure to do so will not affect the obligations of the Borrower in any way.

4.6 MARKET DISRUPTION

If a Market Disruption Event occurs in relation to a Drawing for any Interest Period, then the Interest Rate on that Drawing for the Interest Period shall be the rate per annum which is the sum of:

<PAGE>

(a) the Margin; and

(b) the rate notified by the Financier as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to the Financier of funding its participation in that Drawing from whatever source it may reasonably select.

4.7 ALTERNATIVE BASIS OF INTEREST OR FUNDING

(a) If a Market Disruption Event occurs and the Financier or the Borrower so requires, the Financier and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of the Financier and the Borrower, be binding on each of them.

5 REPAYING AND PREPAYING

5.1 REPAYMENT

The Borrower agrees to repay the total of the Drawings and all interest and other amounts (including default interest) which have accrued or which are otherwise payable (but unpaid) in respect of this agreement on the Maturity Date.

5.2 EXTENSION OF MATURITY DATE

(a) The Obligors' Agent may, not more than 75 Business Days and not less than 25 Business Days prior to each Review Date, request in writing in substantially the form of schedule 3 ("Extension Request") an extension of the Maturity Date. If the request is accepted, the Maturity Date will be extended to the date 182 days after the Maturity Date applicable at the time of the request in respect of a new Facility Limit of an amount selected by the Borrower and specified in the request (which amount must not exceed the Facility Limit applicable at the time of the request).

(b) If the Financier accepts such a request, it agrees to return a signed copy of the notice referred to in paragraph (a) to the Obligors' Agent no later than 7 Business Days prior to the relevant Review Date. Upon the Financier signing the notice, the Maturity Date is automatically extended to the date specified in that notice.

5.3 PREPAYMENT

The Borrower may prepay all or part of a Drawing as follows:

(a) if only part of a Drawing is prepaid, it must be at least US$1,000,000 and a whole multiple of US$500,000, or such lesser amount as may be agreed by the Financier (at its discretion) from time to time; and

<PAGE>

(b) the Borrower must also pay all accrued (but unpaid) interest on that Drawing; and

(c) the Obligors' Agent must notify the proposed prepayment in writing to the Financier at least 10 Business Days prior to the date of the requested prepayment (as at close of business Sydney time) (once given, a notice of prepayment is irrevocable and the Borrower is obliged to prepay in accordance with the notice).

If the prepayment is made on an Interest Payment Date for the Drawing to be prepaid, no Break Costs are payable. However, if the Borrower prepays on a day other than the Interest Payment Date for the Drawing to be prepaid and the Financier incurs any Break Costs as a result of such prepayment, then the Borrower will be liable for Break Costs (if any) under clause 12 ("Costs and indemnities") of the Common Terms Deed Poll.

5.4 PREPAYMENT AND THE FACILITY LIMIT

The Facility Limit is not reduced by amounts prepaid under clause 5.3 ("Prepayment").

6 PAYMENTS

6.1 PAYMENT BY DIRECTION

If the Financier directs the Borrower to pay a particular party or in a particular manner, the Borrower is taken to have satisfied its obligation to the Financier by paying in accordance with the direction.

6.2 AMOUNT OWING

Subject to the provisions of any Financing Document, the Borrower agrees to repay the Amount Owing on the Maturity Date under this agreement.

6.3 APPLICATION OF PAYMENTS - PRE-DEFAULT

Prior to an Event of Default, the Financier will apply amounts paid by the Borrower in accordance with the terms of the Financing Documents.

6.4 APPLICATION OF PAYMENTS - POST-DEFAULT

If an Event of Default subsists, the Financier may apply amounts paid by the Borrower towards satisfaction of the Borrower's obligations under the Financing Documents in the manner it sees fit, unless the Financing Documents expressly provide otherwise. This appropriation overrides any purported appropriation by the Borrower or any other person.

7 CANCELLATION

The Borrower may cancel the Undrawn Facility Limit in whole or in part at any time during the Availability Period by notifying the Financier in writing at least 2 Business Days prior to the date the cancellation is to take effect. A partial

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cancellation must be at least US$1,000,000, unless the Financier agrees otherwise. Once given, the notice is irrevocable. The Facility Limit is reduced by the amount of any cancellation.

The Facility Limit is automatically cancelled at 5:30pm (Sydney time) on the last day of the Availability Period.

8 FEES

8.1 ESTABLISHMENT FEE

The Borrower agrees to pay on the first Business Day after the date of this agreement, an establishment fee as set out in the Details.

8.2 COMMITMENT FEE

The Borrower agrees to pay in arrears on each Fee Payment Date, on any cancellation date described below and on the Maturity Date, the accrued but unpaid commitment fee as set out in the Details.

If the Borrower cancels any of the Undrawn Facility Limit, it also agrees to pay on the cancellation date, the commitment fee in respect of the cancelled amount from (but excluding) the last Fee Payment Date up to and including the cancellation date.

The commitment fee is calculated on actual days elapsed using a 360 day year.

9 FINANCIER REPRESENTATION

The Financier represents that it is a duly supervised bank in #11# and accordingly it is a PMP within the meaning of this agreement as at:

(a) the date of execution of this agreement; and

(b) each date it signs a notice as referred to in clause 5.2 ("Extension of Maturity Date").

The Borrower acknowledges that in making this representation the Financier relies on, and has not independently investigated, the definition of PMP set out in the Common Terms Deed Poll.

10 INTEREST ON OVERDUE AMOUNTS

This clause applies despite the provisions of the Common Terms Deed Poll.

10.1 OBLIGATION TO PAY

If the Borrower does not pay any amount under or in respect of this agreement (including an amount of interest payable under this clause 10.1) on the due date for payment, the Borrower must pay interest on that amount at the Default Rate. The interest accrues daily from (and including) the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and a year of 360 days.

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The Borrower must pay interest under this clause to the Financier on demand from the Financier on the last Business Day of each calendar month.

10.2 COMPOUNDING

Interest payable under clause 10.1 ("Obligation to pay") which is not paid when due for payment may be added to the overdue amount by the Financier on the last Business Day of each calendar month. Interest is payable on the increased overdue amount at the Default Rate in the manner set out in clause 10.1 ("Obligation to pay").

10.3 INTEREST FOLLOWING JUDGMENT

If a liability becomes merged in a judgment, the Borrower must pay interest on the amount of that liability as an independent obligation. This interest:

(a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and

(b) is calculated at the judgment rate or the Default Rate (whichever is higher).

The Borrower must pay interest under this clause to the Financier on demand from the Financier.

11 GOVERNING LAW

This agreement is governed by the law in force in New South Wales and the Borrower submits to the non-exclusive jurisdiction of the courts of that place.

EXECUTED as an agreement.

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JAMES HARDIE - 364-DAY FACILITY AGREEMENT

Schedule 1 - Drawdown Notice (clause 3)

To: [ ]

Attention: [ ]

Fax: [ ]

[DATE]

DRAWDOWN NOTICE - JAMES HARDIE - 364-DAY FACILITY AGREEMENT DATED [ ] 2005 BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. ("BORROWER" AND "OBLIGORS' AGENT") AND [ ] ("FINANCIER") ("FACILITY AGREEMENT")

Under clause 3.2 ("Requesting a drawdown") of the Facility Agreement, the Obligors' Agent gives notice as follows.(1)

The Borrower wants to borrow under the Facility.

- The requested Drawdown Date is [ ].(2)

- The amount of the proposed drawdown is US$[ ].

- The requested first Interest Period is [ ].

- The proposed drawdown is to be paid to:

  Account number: [ ]
  Account name: [ ]
  Bank: [ ]
  Branch: [ ]

  Branch identifying number (Fedwire, BSB, etc): [ ]

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

[for the first Drawdown only]: the representations and warranties in clause 8 ("Representations and warranties") of the Common Terms Deed Poll are correct and not misleading on the date of this notice and that each will be correct and not misleading on the Drawdown Date.

[for any subsequent Drawdown]: those representations and warranties listed in clause 3.2(a) ("Conditions to subsequent drawdowns") of the Common Terms Deed Poll as required to be true on the date of each drawdown notice, are correct and not misleading on the date of this notice and that each will be correct and not misleading on the Drawdown Date.

No Event of Default or Potential Event of Default subsists at the date of this notice or will result from the provision of the requested utilisation.

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Clause 1 ("Definitions") of the Facility Agreement applies to this notice as if it was fully set out in this notice.

_____
[NAME OF PERSON] being
an Authorised Officer of
JAMES HARDIE INTERNATIONAL FINANCE B.V.
as Obligors' Agent (with corporate seat in Amsterdam)

INSTRUCTIONS FOR COMPLETION

1 All items must be completed.

2 Must be a Business Day within the Availability Period.

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JAMES HARDIE - 364-DAY FACILITY AGREEMENT

Schedule 2 - Selection Notice (clause 4.2)

To: [ ]

Attention: [ ]

Fax: [ ]

[DATE]

SELECTION NOTICE - JAMES HARDIE - 364-DAY FACILITY AGREEMENT DATED [ ] 2005 BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. ("BORROWER" AND "OBLIGORS' AGENT") AND [ ] ("FINANCIER") ("FACILITY AGREEMENT")

Terms defined in the Facility Agreement have the same meaning when used in this notice.

This is an irrevocable notice under clause 4.2 ("Selection of Interest Period") of the Facility Agreement.

Under clause 4.2 ("Selection of Interest Period") of the Facility Agreement, the Obligors' Agent gives notice as follows:

The current Interest Period is due to end on [ ].

The Interest Period following the current Interest Period is to be a period of [ ] (1).

_____

[NAME OF PERSON] being
an Authorised Officer of
JAMES HARDIE INTERNATIONAL FINANCE B.V.
as Obligors' Agent (with corporate seat in Amsterdam)

INSTRUCTIONS FOR COMPLETION

1 To be an Interest Period set out in the Details

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JAMES HARDIE - 364-DAY FACILITY AGREEMENT

Schedule 3 - Extension Request (clause 5.2)

To: [ ]

Attention: [ ]

Fax: [ ]

[DATE]

EXTENSION REQUEST - JAMES HARDIE - 364-DAY FACILITY AGREEMENT DATED [ ] 2005 BETWEEN JAMES HARDIE INTERNATIONAL FINANCE B.V. ("BORROWER" AND "OBLIGORS' AGENT") AND [ ] ("FINANCIER") ("FACILITY AGREEMENT")

In accordance with clause 5.2 ("Extension of Maturity Date") of the Facility Agreement, the Obligors' Agent requests as follows:

We request that the Maturity Date under the Facility Agreement in respect of US$[ ](1) be extended to a date 182 days after the current Maturity Date under the Facility Agreement.

The Maturity Date, if extended in accordance with this request, will be [ ](2).

If this extension request is accepted, the Facility Limit applicable from the current Maturity Date will be US$[ ](1).

_____

[NAME OF PERSON] being
an Authorised Officer of
JAMES HARDIE INTERNATIONAL FINANCE B.V.
as Obligors' Agent (with corporate seat in Amsterdam)

We agree to extend the Maturity Date for the requested Facility Limit in accordance with the above notice.

Signed for the Financier on [insert date] by:

_____

[NAME OF PERSON] being an
Authorised Officer of the Financier

INSTRUCTIONS FOR COMPLETION

1 To be an amount equal to or less than the Facility Limit at the date of this notice.

2 To be the date 182 days after the current Maturity Date.

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JAMES HARDIE - 364-DAY FACILITY AGREEMENT

Signing page

DATED: #1#

BORROWER AND OBLIGORS' AGENT

SIGNED by and as attorneys for JAMES HARDIE INTERNATIONAL FINANCE B.V. under power of attorney dated in the presence of:	)	_____
_____ Signature of witness _____ Name of witness (block letters)	)	By executing this agreement each attorney states that the attorney has received no notice of revocation of the power of attorney

FINANCIER

SIGNED by as attorney for #2# under power of attorney dated in the presence of:	)	
_____ Signature of witness _____ Name of witness (block letters)	)	By executing this agreement the attorney states that the attorney has received no notice of revocation of the power of attorney

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EXHIBIT 2.25

MALLESONS STEPHEN JAQUES

Form of James Hardie - Guarantee Deed

Dated #1#

James Hardie Industries N.V. ("GUARANTOR")
#2# ("FINANCIER")

MALLESONS STEPHEN JAQUES
Level 60
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.mallesons.com
Ref: GNH:YC:NW

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FORM OF JAMES HARDIE - GUARANTEE DEED

Details

INTERPRETATION - definitions are in clause 1.

PARTIES	GUARANTOR AND FINANCIER	
GUARANTOR	Name	JAMES HARDIE INDUSTRIES N.V.
	Corporate seat	Amsterdam
	Registered Number	34106455
	ABN	49 097 829 895
	Address	8th Floor, Atrium, Unit 08 Strawinskylaan 3077 1077 ZX Amsterdam The Netherlands
	Fax	+ 31 20 404 2544
	Attention	Managing Director and Company Secretary
FINANCIER	Name	#2
	ABN	#3#
	Address	#4#
	Fax	#5#
	Attention	#6#
DATE OF DEED	See Signing page	

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FORM OF JAMES HARDIE - GUARANTEE DEED

General terms

1 INTERPRETATION

1.1 DEFINITIONS

These meanings apply unless the contrary intention appears:

AUTHORISED OFFICER means:

(a) in the case of the Financier, a director or secretary, or an officer whose title contains the word "director", "chief", "head", "president", "vice-president", "executive" or "manager" or a person performing the functions of any of them, or any other person nominated by the Financier as an Authorised Officer for the purposes of this deed; and

(b) in the case of the Guarantor, a person appointed by the Guarantor and notified to the Financier as an Authorised Officer for the purposes of this deed, and whose specimen signature is provided with such notification to the Financier.

BORROWER means James Hardie International Finance B.V.

BUSINESS DAY has the meaning given to that term in the Common Terms Deed Poll.

COMMON TERMS DEED POLL means the deed poll entitled James Hardie - Common Terms Deed Poll dated on or about the date of this deed by the Guarantor and the Borrower in favour of the Creditors (as therein defined).

COSTS means costs, fees, disbursements, charges and expenses, including, without limitation, where the Guarantor is liable to pay or reimburse the Costs, those incurred in connection with advisers and, unless such Costs are incurred in connection with the enforcement of this deed against the Guarantor, only for an amount and on a basis previously agreed to in writing by the Guarantor.

DEBTOR means the person or persons primarily liable to the Financier under the Finance Documents.

DEFAULT RATE means LIBOR plus 2% per annum. For the purpose of this definition, the interest is calculated as if the overdue amount is a cash advance with interest periods beginning and ending on the first and last days respectively of each calendar month (and including both days), provided that the first interest period begins on and includes the due date.

DETAILS means the section of this deed headed "Details".

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EXCLUDED TAX means:

(a) a Tax imposed by any jurisdiction on or assessed against the Financier as a consequence of the Financier being a resident of or organised in or doing business in that jurisdiction, but not any Tax:

(i) that is calculated on or by reference to the gross amount of a payment derived under this deed or another document referred to in this deed (without the allowance of a deduction);

(ii) that is imposed as a result of the Financier being considered a resident or organised or doing business in that jurisdiction solely as a result of it having the benefit of this deed or being a party to a transaction contemplated by this deed; or

(b) a Tax which would not be required to be deducted by the Guarantor if, before the Guarantor makes a relevant payment, the Financier provided the Guarantor with any of its name, address, registration number or similar details or any relevant tax exemption or similar details.

FINANCE DOCUMENT NOMINATION LETTER means a letter substantially in the form set out in schedule 1 ("Finance Document Nomination Letter").

FINANCE DOCUMENTS means:

(a) the agreement entitled James Hardie - Term Facility Agreement dated on or about the date of this deed between the Borrower and the Financier;

(b) the agreement entitled James Hardie - 364-day Facility Agreement dated on or about the date of this deed between the Borrower and the Financier; and

(c) each agreement which is nominated as a "Finance Document" in a Finance Document Nomination Letter.

FINANCE GUARANTEE has the meaning given to that term in the Common Terms Deed Poll.

FINANCIER means the person so described in the Details and includes its successors and assigns.

GOVERNMENT AGENCY means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity having jurisdiction over, or in relation to the affairs of, a James Hardie Group Member and, for the avoidance of doubt, includes, without limitation, the Australian Taxation Office, the US Internal Revenue Service and the Dutch tax authorities.

GUARANTEED MONEY means all amounts that:

(a) at any time;

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(b) for any reason or circumstance in connection with any agreement, transaction, instrument (whether or not negotiable), document, event, act, omission, matter or thing whatsoever;

(c) whether at law or otherwise; and

(d) whether or not of a type within the contemplation of the Guarantor or the Financier at the date of this deed,

are payable, are owing but not currently payable, are contingently owing, or remain unpaid, by a Debtor to the Financier under or in connection with the Finance Documents.

This definition applies:

(i) irrespective of the capacity in which the Debtor or the Financier became entitled to the amount concerned;

(ii) irrespective of the capacity in which the Debtor or the Financier became liable in respect of the amount concerned;

(iii) whether the Debtor or the Financier is liable as principal debtor, as surety or otherwise;

(iv) whether the Debtor is liable alone, or together with another person;

(v) even if the Debtor owes an amount or obligation to the Financier because it was assigned to the Financier, whether or not:

(A) the assignment was before, at the same time as, or after the date of this deed; or

(B) the Debtor consented to or was aware of the assignment; or

(C) the assigned obligation was secured;

(vi) even if this deed was assigned to the Financier, whether or not:

(A) the Debtor or the Guarantor consented to or was aware of the assignment; or

(B) any of the Guaranteed Money was previously unsecured; or

(vii) if the Guarantor is a trustee, whether or not it has a right of indemnity from the trust fund.

GUARANTOR means the person so described in the Details.

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INDIRECT TAX means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

INSOLVENCY EVENT means, in respect of a person, the occurrence in respect of that person of any event referred to in paragraphs (a) to (h) of the definition of "Insolvent" and, for the avoidance of doubt, includes a Winding Up.

A company is INSOLVENT if it:

(a) is generally not paying, or admits in writing its inability to pay, its debts as they become due;

(b) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganisation or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction (for the avoidance of doubt, this includes, without limitation, in respect of a person established under Dutch law, a filing of a petition by it with any court in the Netherlands in relation to its bankruptcy (faillissement) or suspension of payments (surseance van betaling));

(c) makes an assignment for the benefit of its creditors;

(d) consents to the appointment of a custodian, receiver, receiver and manager, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property;

(e) consents to the appointment of an administrator;

(f) is adjudicated as insolvent or to be liquidated;

(g) is subject to Winding Up; or

(h) takes corporate action for the purpose of any of the foregoing,

and INSOLVENCY has a cognate meaning.

JAMES HARDIE GROUP means the Guarantor and its Subsidiaries and JAMES HARDIE GROUP MEMBER means any of them.

LIBOR means, in relation to any overdue amount:

(a) the applicable British Bankers' Association Interest Settlement Rate for the currency in which the overdue amount is payable ("DUE CURRENCY") and the relevant period displayed on the appropriate page of the Reuters screen (but if the agreed page is replaced or service ceases to be available, the Financier may specify another page or service displaying the appropriate rate after consultation with the Guarantor) ("SCREEN RATE"); or

(b) (if no Screen Rate is available for the Due Currency and the interest period of that overdue amount) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Financier

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at its request quoted by the principal London offices of at least three leading international banks chosen by the Financier in consultation with the Guarantor to other leading international banks in the London interbank market,

as of 11.00 am (London time) on the day two Business Days before the first day of an interest period for which the interest rate is to be determined for the offering of deposits in the Due Currency and for a period comparable to the interest period for the overdue amount.

RELATED ENTITY has the meaning it has in the Corporations Act.

SECURITY INTEREST means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. This definition:

(a) includes any retention of title agreements arising other than in the ordinary course of business; and

(b) excludes any right of set-off, right to combine accounts, or other similar right or arrangement arising in the ordinary course of business or by operation of law.

SUBSIDIARY in relation to a corporation means a subsidiary of the corporation for the purposes of the Corporations Act.

TAX means any present or future tax (including Indirect Taxes), levy, impost, duty, charge, fee, deduction, compulsory loan or withholding or any income, stamp or transaction duty, tax or charge, in the nature of tax whatsoever called (except if imposed on, or calculated having regard to, the net income of the Financier) and whether imposed, levied, collected, withheld or assessed by any Government Agency and includes, but is not limited to, any penalty, fine, charge, fee, interest or other amount payable in connection with failure to pay or delay in paying the same.

US$, USD or US DOLLARS means the lawful currency of the United States of America.

WINDING UP means, in respect of a company, the occurrence of any of the following:

(a) an order is made that it be wound up;

(b) appointment of a liquidator to it; or

(c) appointment of a provisional liquidator to it and the provisional liquidator is required to admit all debts to proof or pay all debts capable of being admitted to proof proportionately.

In respect of a person that is established under Dutch law, WINDING UP includes, without limitation, its dissolution (ontbinding), the declaration of its bankruptcy (faillissement) and the (provisional) granting of suspension of payments ((voorlopige) surseance van betaling) to it.

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1.2 REFERENCES TO CERTAIN GENERAL TERMS

Unless the contrary intention appears, a reference in this deed to:

(a) a group of persons is a reference to any two or more of them collectively and to each of them individually;

(b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them collectively and each of them individually;

(c) an agreement, representation or warranty by two or more persons binds them collectively and each of them individually but an agreement, representation or warranty by the Financier binds the Financier only;

(d) anything (including an amount) is a reference to the whole and each part of it (but nothing in this clause 1.2(d) implies that performance of part of an obligation constitutes performance of the obligation);

(e) a document (including this deed) includes any variation or replacement of it;

(f) law includes (without limitation) common law, principles of equity, and laws made by any legislative body of any jurisdiction (and references to any statute, regulation or by-law include any modification or re-enactment of or any provision substituted for, and all statutory and subordinate instruments issued under such statute, regulation or by-law or such provision);

(g) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated association and any Government Agency;

(h) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(i) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(j) the Corporations Act is a reference to the Corporations Act 2001 of Australia; and

(k) the words "to prove for", "prove" and "right of proof", when used in connection with a Winding Up or another Insolvency proceeding under Dutch law include, without limitation, "filing", "filing for verification purposes" and "verification procedure", as the context may require.

1.3 NUMBER

The singular includes the plural and vice versa.

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1.4 HEADINGS

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed.

2 CONSIDERATION

The Guarantor acknowledges incurring obligations and giving rights under this deed for valuable consideration received and to be received from the Financier.

3 TERMINATION

(a) This deed terminates immediately and automatically upon the Financier delivering to the Guarantor or its nominee a written acknowledgment that the Financier accepts the benefit and obligations of the Finance Guarantee and agrees to be bound by its terms.

(b) The termination of this deed does not affect any right accrued prior to the date of termination.

4 GUARANTEE AND INDEMNITY

4.1 GUARANTEE

(a) The Guarantor unconditionally and irrevocably guarantees payment to the Financier of the Guaranteed Money. If the Debtor does not pay the Guaranteed Money on time and in accordance with the Finance Documents then, subject to clause 4.1(b), the Guarantor agrees to pay the Guaranteed Money to the Financier on demand from the Financier.

(b) A demand on the Guarantor under this guarantee:

(i) may be made only if the Financier has first made a demand on the Debtor and the demand is not satisfied within 2 Business Days;

(ii) may be made at any time and from time to time; and

(iii) must be made in writing in accordance with clause 18 ("Notices").

4.2 INDEMNITY

The Guarantor indemnifies the Financier against any liability or loss arising, and any Costs it suffers or incurs:

(a) if the Debtor does not, or is unable to, pay the Guaranteed Money in accordance with the Finance Documents; or

<PAGE>

(b) if an obligation the Debtor would otherwise have to pay the Guaranteed Money (or which would have been Guaranteed Money had it not been irrecoverable) is found to be unenforceable, void or voidable; or

(c) if an obligation the Guarantor would otherwise have under clause 4.1 ("Guarantee") is found to be unenforceable; or

(d) if the Financier is obliged, or agrees, to pay an amount to a trustee in bankruptcy or liquidator (of an Insolvent person) in connection with a payment by the Guarantor or the Debtor. (For example, the Financier may have to, or may agree to, pay interest on the amount); or

(e) if the Guarantor defaults under the guarantee.

The Guarantor agrees to pay amounts due under this indemnity on demand from the Financier.

5 INTEREST

5.1 OBLIGATION TO PAY INTEREST

The Guarantor agrees to pay interest at the Default Rate on:

(a) any part of the Guaranteed Money which is due for payment but which is not otherwise incurring interest; and

(b) any amount payable by it under this deed (other than under clause 4.1 ("Guarantee")) which is not paid on the due date for payment.

The interest accrues daily from (and including) the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and either a 360 or 365 day year, whichever is the length of time customarily adopted for such calculations for the currency in which the relevant amount is denominated.

The Guarantor agrees to pay interest under this clause on demand from the Financier.

5.2 COMPOUNDING

Interest payable under clause 5.1 ("Obligation to pay interest") which is not paid when due for payment may be added to the overdue amount by the Financier on the last Business Day of each calendar month. Interest is payable on the increased overdue amount at the Default Rate in the manner set out in clause 5.1 ("Obligation to pay interest").

5.3 INTEREST FOLLOWING JUDGMENT

If a liability becomes merged in a judgment, the Guarantor agrees to pay interest on the amount of that liability as an independent obligation. This interest:

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(a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and

(b) is calculated at the judgment rate or the Default Rate (whichever is higher).

The Guarantor agrees to pay interest under this clause on demand from the Financier.

6 EXTENT OF GUARANTEE AND INDEMNITY

(a) The guarantee in clause 4.1 ("Guarantee") is a continuing obligation despite any intervening payment, settlement or other thing and extends to all of the Guaranteed Money.

(b) Subject to compliance by the Financier with clauses 4.1(b) ("Guarantee") and 18 ("Notices"), the Guarantor waives any right it has of first requiring the Financier to commence proceedings or enforce any other right against the Debtor or any other person before claiming from the Guarantor under this guarantee and indemnity.

7 RIGHTS OF THE FINANCIER ARE PROTECTED

Rights given to the Financier under this guarantee and indemnity, and the Guarantor's liabilities under it, are not affected by any act or omission of the Financier or any other person or by any act, other matter or thing whatsoever, whether negligent or not. For example, those rights and liabilities are not affected by:

(a) any act or omission:

(i) varying or replacing any arrangement under which the Guaranteed Money is expressed to be owing, such as by increasing a facility limit or extending the term;

(ii) releasing or discharging the Debtor (including, without limitation, discharge by operation of law) or giving the Debtor a concession (such as more time to pay);

(iii) releasing any person who gives a guarantee or indemnity in connection with any of the Debtor's obligations;

(iv) releasing, losing the benefit of, or not obtaining any Security Interest or negotiable instrument;

(v) by which the obligations of any person who guarantees any of the Debtor's obligations (including under this guarantee and indemnity) may not be enforceable;

(vi) by which any person who was intended to guarantee any of the Debtor's obligations does not do so, or does not do so effectively;

(vii) by which a person who is a co-surety or co-indemnifier for payment of the Guaranteed Money is discharged under an agreement or by operation of law;

(viii) by which any Security Interest which could be registered is not registered,

or any other thing causing any prejudice (including, but not limited to, material prejudice) to any person;

(b) a person dealing in any way with a Security Interest, guarantee, indemnity, judgment or negotiable instrument;

(c) the death, mental or physical disability, incapacity, Insolvency or any legal limitation of any person including the Guarantor or the Debtor;

(d) changes in the membership, name or business of any person;

(e) the Debtor opening an account with the Financier;

(f) acquiescence or delay by the Financier or any other person;

(g) an assignment of rights or a novation in connection with the Guaranteed Money;

(h) the acceptance of the repudiation of, or termination of, any Finance Document or any other document or agreement;

(i) any payment to the Financier, including any payment which at the payment date or at any time after the payment date is, in whole or in part, illegal, void, voidable, avoided or unenforceable.

This clause 7 applies regardless of whether the Guarantor is aware of, has consented to or is given notice of any act, omission, matter or thing referred to in this clause 7. This clause 7 does not limit the obligation of the Guarantor under this deed.

8 GUARANTOR'S RIGHTS

8.1 GUARANTOR'S RIGHTS ARE SUSPENDED

As long as there is any Guaranteed Money, the Guarantor may not, without the Financier's consent:

(a) reduce its liability under this guarantee and indemnity by claiming that it or the Debtor or any other person has a right of set-off or counterclaim against the Financier; or

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(b) exercise any legal right to claim to be entitled to the benefit of another guarantee, indemnity or Security Interest that secures amounts including the Guaranteed Money or any other amount payable under this guarantee and indemnity (for example, the Guarantor may not try to enforce or require the enforcement of any Security Interest the Financier has taken that secures amounts including the Guaranteed Money); or

(c) claim an amount from the Debtor, or another guarantor of the Guaranteed Money, under a right of indemnity; or

(d) claim an amount in the Insolvency of the Debtor or of another guarantor of the Guaranteed Money.

8.2 GUARANTOR'S RIGHT OF PROOF LIMITED

The Guarantor agrees not to exercise in its capacity as a guarantor under this deed a right of proof after an event occurs relating to the Insolvency of the Debtor or another guarantor of the Guaranteed Money independently of an attorney appointed under clause 9.1 ("Appointment").

9 POWER OF ATTORNEY

9.1 APPOINTMENT

The Guarantor irrevocably appoints the Financier and each of its Authorised Officers individually as its attorney and agrees to formally approve all action taken by an attorney under clause 9.2 ("Powers").

9.2 POWERS

Each attorney appointed under clause 9.1 ("Appointment") may:

(a) do anything which the Guarantor may lawfully do to exercise its right of proof after an Insolvency Event occurs in respect of the Debtor or any other guarantor of the Debtor's obligations. (These things may be done in the Guarantor's name or the attorney's name and they include signing and delivering documents, taking part in legal proceedings and receiving any dividend arising out of the right of proof); and

(b) delegate its powers (including this power) and revoke a delegation; and

(c) exercise its powers even if this involves a conflict of duty and even if it has a personal interest in doing so.

9.3 APPLICATION OF INSOLVENCY DIVIDENDS

The attorney need not account to the Guarantor for any dividend received on exercising the right of proof under clause 9.2(a) ("Powers") except to the extent that any dividend remains after the Financier has received all of the Guaranteed Money and all other amounts payable under this guarantee and indemnity.

10 PAYMENTS

10.1 MANNER OF PAYMENT

The Guarantor agrees to make payments under this guarantee and indemnity:

(a) in full without set-off or counterclaim and without any deduction in respect of Taxes unless prohibited by law; and

(b) if the payment relates to the Guaranteed Money, in the currency in which the payment is due, and otherwise in US Dollars in immediately available funds.

10.2 CURRENCY OF PAYMENT

The Guarantor waives any right it has in any jurisdiction to pay an amount other than in the currency in which it is due. However, if the Financier receives an amount in a currency other than that in which it is due:

(a) it may convert the amount received into the due currency (even though it may be necessary to convert through a third currency to do so) on the day and at such rates (including spot rate, same day value rate or value tomorrow rate) as it reasonably considers appropriate. It may deduct its usual Costs in connection with the conversion; and

(b) the Guarantor satisfies its obligation to pay in the due currency only to the extent of the amount of the due currency obtained from the conversion after deducting the Costs of the conversion.

11 APPLICATION OF PAYMENTS

11.1 APPLICATION OF MONEY

The Financier may apply money paid by the Debtor, the Debtor's estate, the Guarantor or otherwise towards satisfaction of the Guaranteed Money and other money payable under this deed in the manner it sees fit.

11.2 ORDER OF PAYMENT

The Financier may use money received under this deed towards paying any part of the Guaranteed Money the Financier chooses. This applies even if that part only falls due after the Financier gives a notice of demand.

11.3 SUSPENSE ACCOUNT

The Financier may place in an interest bearing suspense account any payment it receives towards satisfaction of the Guaranteed Money (and any net interest on that payment after tax) for as long as it thinks prudent and need not apply the payment or net interest towards satisfying the Guaranteed Money or other money payable under this deed.

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11.4 REMAINING MONEY

The Financier agrees to pay any money remaining after the Guaranteed Money is paid either to the Guarantor (which the Financier may do by paying it into an account in the Guarantor's name) or to another person entitled to it. In doing so, it does not incur any liability to the Guarantor. The Financier is not required to pay the Guarantor interest on any money remaining after the Guaranteed Money is paid.

11.5 CREDIT FROM DATE OF RECEIPT

The Guarantor is only credited with money from the date the Financier actually receives it.

12 WITHHOLDING TAX

12.1 PAYMENTS BY GUARANTOR

If a law requires the Guarantor to deduct or withhold an amount in respect of Taxes (other than Indirect Taxes) in respect of a payment under this deed such that the Financier would not actually receive on the due date the full amount provided for under this deed, then:

(a) the Guarantor agrees to deduct the amount for such Taxes and any further deduction applicable to any further payment due under paragraph (c) below; and

(b) the Guarantor agrees to pay an amount equal to the amount deducted or withheld to the relevant authority in accordance with applicable law; and

(c) unless the Tax is an Excluded Tax, the amount payable is increased so that, after making the deduction or withholding and further deductions or withholdings applicable to additional amounts payable under this paragraph (c), the Financier is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required.

12.2 TAX CREDIT

If and to the extent that the Financier is able in its opinion to apply for or otherwise take advantage of any offsetting tax credit, tax rebate or other similar tax benefit out of or in conjunction with any deduction or withholding which gives rise to an obligation on the Guarantor to pay any additional amount pursuant to clause 12.1 ("Payments by Guarantor"), the Financier shall:

(a) give notice thereof to the Guarantor and take steps to obtain that credit, rebate or benefit; and

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(b) to the extent that in its opinion it can do so without prejudice to the retention of the credit, rebate or benefit, and upon receipt thereof, reimburse to the Guarantor such amount of the credit, rebate or benefit as the Financier shall, in its opinion (acting reasonably), have determined to be attributable to the deduction or withholding. In complying with this clause, the Financier is not required to disclose to the Guarantor information about its tax affairs or order them in a particular way.

13 INDIRECT TAXES

(a) All payments to be made by the Guarantor under or in connection with this deed have been calculated without regard to Indirect Tax. If all or part of any such payment is the consideration for a taxable supply or chargeable with Indirect Tax then, when the Guarantor makes the payment:

(i) it must pay to the Financier an additional amount equal to that payment (or part) multiplied by the appropriate rate of Indirect Tax; and

(ii) the Financier will promptly provide to the Guarantor a tax invoice complying with the relevant law relating to that Indirect Tax.

(b) Where this deed requires the Guarantor to reimburse the Financier for any Costs or expenses, the Guarantor shall also at the same time pay and indemnify the Financier against all Indirect Tax incurred by the Financier in respect of the Costs or expenses save to the extent that the Financier is entitled to repayment or credit in respect of the Indirect Tax. The Financier will promptly provide to the Guarantor a tax invoice complying with the relevant law relating to that Indirect Tax.

14 COSTS

14.1 WHAT THE GUARANTOR AGREES TO PAY

The Guarantor agrees to pay or reimburse the Financier on demand for:

(a) the Financier's reasonable Costs in connection with:

(i) the registration of, and payment of Taxes on, this deed; and

(ii) giving and considering consents, waivers and releases requested by the Guarantor in connection with this deed;

(b) the Financier's Costs in exercising, enforcing or preserving rights against the Guarantor under this deed; and

(c) Taxes and fees (including registration fees) and fines and penalties in respect of fees paid, or that the Financier reasonably believes are

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payable, in connection with this deed or a payment or receipt or any other transaction involving the Guarantor contemplated by this deed. However, the Guarantor need not pay a fine or penalty in connection with Taxes or fees to the extent that it has placed the Financier in sufficient cleared funds for the Financier to be able to pay the Taxes or fees by the due date.

14.2 CURRENCY CONVERSION ON JUDGMENT DEBT

If a judgment, order or proof of debt for an amount payable by the Guarantor under this deed is expressed in a currency other than the currency in which the amount is due under this deed, then the Guarantor indemnifies the Financier against:

(a) any difference arising from converting the other currency if the rate of exchange used by the Financier under clause 10.2 ("Currency of payment") for converting currency when it receives a payment in the other currency is less favourable to the Financier than the rate of exchange used for the purpose of the judgment, order or acceptance of proof of debt; and

(b) the Costs of conversion.

15 REINSTATEMENT OF RIGHTS

Under law relating to Insolvency Events, a person may claim that a transaction (including a payment) in connection with this guarantee and indemnity or the Guaranteed Money is void or voidable. If a claim is made and upheld, conceded or compromised, then:

(a) the Financier is immediately entitled as against the Guarantor to the rights in respect of the Guaranteed Money to which it was entitled immediately before the transaction; and

(b) on request from the Financier, the Guarantor agrees to do anything (including signing any document) reasonably required to restore to the Financier the guarantee and indemnity and any Security Interest held by it from the Guarantor immediately before the transaction.

This clause applies whether or not the Financier knew, or ought to have known, that the transaction would be void or voidable.

16 NO MERGER

This deed does not merge with or adversely affect, and is not adversely affected by, any of the following:

(a) any Security Interest, guarantee or other right or remedy to which the Financier is entitled; or

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(b) a judgment which the Financier obtains against the Guarantor, the Debtor or any other person in connection with the Guaranteed Money.

The Financier may still exercise its rights under this deed as well as under the judgment, Security Interest or right or remedy.

17 DEALINGS

17.1 DEALINGS BY THE GUARANTOR

The Guarantor may not assign or otherwise deal with its rights under this deed or allow any interest in it to arise or be varied, without the consent of the Financier.

17.2 DEALINGS BY FINANCIER

The Financier may assign or otherwise deal with its rights under this deed in any way it considers appropriate. If the Financier does this, the Guarantor may not claim against any assignee (or any other person who has an interest in this deed) any right of set-off or other rights it has against the Financier.

18 NOTICES

18.1 FORM

Unless expressly stated otherwise in this deed, all demands, notices, certificates, consents, approvals, waivers and other communications in connection with this deed ("NOTICES") must be in writing, signed by an Authorised Officer of the sender and marked for attention as set out or referred to in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

18.2 DEMAND UNDER GUARANTEE

Any demand made by the Financier under the guarantee and indemnity must comply with the following requirements (in addition to those contained in clause 18.1 ("Form")):

(a) clearly identify the Finance Document under which the Guaranteed Money is payable by the Debtor;

(b) state the amount of the Guaranteed Money demanded and describe in reasonably adequate detail the nature of the unpaid obligation; and

(c) state the date on which demand was made on the Debtor and certify that the Guaranteed Money remains unpaid at the date of the demand.

18.3 DELIVERY

Notices must be:

(a) delivered to the address set out or referred to in the Details; or

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(b) sent by prepaid post (airmail if appropriate) to the address set out or referred to in the Details; or

(c) sent by fax to the fax number set out or referred to in the Details.

However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.

18.4 WHEN EFFECTIVE

Notices take effect from the time they are received unless a later time is specified in them.

18.5 RECEIPT - POSTAL

If sent by post, notices are taken to be received three Business Days after posting (or five Business Days after posting if sent across national boundaries).

18.6 RECEIPT - FAX

If sent by fax, notices are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

19 GENERAL

19.1 CONSENTS

The Guarantor agrees to comply with all conditions in any consents given in connection with this deed if the Guarantor relies on that consent in performing its obligations under this deed.

19.2 PROMPT PERFORMANCE

If this deed specifies when the Guarantor agrees to perform an obligation, it agrees to perform it by the time specified. The Guarantor agrees to perform all other obligations promptly.

19.3 CERTIFICATES

The Financier may give the Guarantor a certificate about an amount payable or other matter in connection with this deed or a Finance Document. The certificate is sufficient evidence of the amount or matter, unless it is proved to be incorrect.

19.4 SET-OFF

The Financier may set off any amount due for payment by the Financier to the Guarantor against any amount due for payment by the Guarantor to the Financier under this deed. This does not restrict any right of insolvency set-off which may arise under Dutch law.

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19.5 DISCRETION IN EXERCISING RIGHTS

The Financier may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this deed expressly states otherwise.

19.6 PARTIAL EXERCISING OF RIGHTS

If the Financier does not exercise a right or remedy fully or at a given time, the Financier may still exercise it later.

19.7 INDEMNITIES

The indemnities in this deed are continuing obligations, independent of the Guarantor's other obligations under this deed and continue after this deed ends. It is not necessary for the Financier to incur expense or make payment before enforcing a right of indemnity under this deed.

19.8 INCONSISTENT LAW

To the extent permitted by law, this deed prevails to the extent it is inconsistent with any law.

19.9 SUPERVENING LEGISLATION

Any present or future legislation which operates to vary the obligations of the Guarantor in connection with this deed with the result that the Financier's rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

19.10 REMEDIES CUMULATIVE

The rights and remedies of the Financier under this deed are in addition to other rights and remedies given by law independently of this deed.

19.11 TIME OF THE ESSENCE

Time is of the essence in this agreement in respect of an obligation of the Guarantor to pay money.

19.12 VARIATION AND WAIVER

Unless this deed expressly states otherwise, a provision of this deed, or right created under it, may not be waived or varied except in writing signed by the Guarantor and the Financier.

19.13 CONFIDENTIALITY

Neither the Guarantor nor the Financier may disclose information provided by one of them to the other that is not publicly available (including the existence of or contents of this deed or any Finance Document) except:

(a) to any person in connection with an exercise of rights or (subject to compliance with clause 17 ("Dealings")) a dealing with rights or

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obligations under this deed (including when the Financier consults other lenders to any member of the James Hardie Group in connection with preparatory steps such as negotiating with any potential assignee or potential sub-participant or other person who is considering contracting with the Financier in connection with a Finance Document); or

(b) on a confidential basis, to officers, employees, legal and other advisers and auditors of the Guarantor or the Financier; or

(c) on a confidential basis, to any party to a Finance Document or any Related Entity of any party to a Finance Document; or

(d) with the consent of the party who provided the information (such consent not to be unreasonably withheld); or

(e) as required by any law or stock exchange or any Government Agency.

The Guarantor and the Financier are taken to consent to disclosures made in accordance with this clause 19.13.

19.14 FURTHER STEPS

The Guarantor agrees to do anything reasonably required by the Financier (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed):

(a) to enable the Financier to exercise its rights in connection with this deed;

(b) to show whether the Guarantor is complying with this deed.

19.15 COUNTERPARTS

This deed may consist of a number of copies, each signed by one or more parties to the deed. If so, the signed copies are treated as making up the one document.

19.16 GOVERNING LAW

This deed is governed by the law in force in New South Wales. The Guarantor and the Financier submit to the non-exclusive jurisdiction of the courts of New South Wales.

19.17 SERVING DOCUMENTS

Without preventing any other method of service any document in a court action may be served on the Guarantor or the Financier by being delivered or left at that person's address for service of notices under clause 18.3 ("Delivery").

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19.18 PROCESS AGENT

The Guarantor appoints James Hardie Australia Pty Limited (ABN 12 084 635 558) of Level 3, 22 Pitt Street, Sydney NSW 2000 (Attention: The Company Secretary) as its agent for service of process to receive any document in connection with this deed. If for any reason James Hardie Australia Pty Limited (ABN 12 084 635 558) ceases to be able to act as process agent for the Guarantor, the Guarantor must promptly appoint another person in New South Wales to act as its process agent and must promptly notify the Financier of that appointment and the address and other contact details of the new process agent.

EXECUTED as a deed

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FORM OF JAMES HARDIE - GUARANTEE DEED

Schedule 1 - Form of Finance Document
Nomination Letter

[DATE]

To: [FINANCIER]

JAMES HARDIE - GUARANTEE DEED - FINANCE DOCUMENT NOMINATION LETTER

We refer to the James Hardie - Guarantee Deed between James Hardie Industries N.V. (with corporate seat in Amsterdam) and [FINANCIER] dated [ ] 2005 ("GUARANTEE").

For the purposes of the Guarantee, on and from the date of this letter we nominate the following document as a Finance Document for the purposes of the Guarantee:

NAME:	[-]
DATE:	[-]
PARTIES:	[-]

Please confirm your acceptance of the above nomination, and the benefit and obligations of the Guarantee in respect of the nominated document(s), by signing and returning the attached copy of this letter.

Clauses 1 ("Interpretation") and 19.16 ("Governing law") of the Guarantee apply to this letter as they were fully set out in this letter.

For and on behalf of
JAMES HARDIE INDUSTRIES N.V.

Authorised Officer: [NAME]

We accept and agree to the above nomination. We accept the benefit and obligations of the Guarantee in respect of the nominated document(s), and we agree to be bound by the terms of that deed in respect of that (those) document(s).

For and on behalf of
[INSERT NAME OF FINANCIER]

by its Authorised Officer
Name:
Title:

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FORM OF JAMES HARDIE - GUARANTEE DEED

Signing page

DATED: #1#

SIGNED, SEALED AND DELIVERED by)
)
and)
)
as attorneys for JAMES HARDIE)
INDUSTRIES N.V. under power of)
attorney dated)
)
in the presence of:) _____
)
)
_____)
Signature of witness)
)
_____) By executing this deed each attorney states
Name of witness (block letters)) that the attorney has received no notice of
) revocation of the power of attorney

</TEXT>
</DOCUMENT>

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<DESCRIPTION>EXHIBIT 4.1
<TEXT>

Exhibit 4.1

JAMES HARDIE INDUSTRIES N. V.

2001 EQUITY INCENTIVE PLAN

AMENDED AND RESTATED
(NOVEMBER 11, 2003)

ARTICLE I
PURPOSE OF PLAN

The Company adopted this Plan to promote the interests of the Company and its stockholders by using investment interests in the Company to attract, retain and motivate its and its Affiliated Entities' employees and management. Capitalized terms not otherwise defined herein have the meanings ascribed to them in Article VII.

ARTICLE II
EFFECTIVE DATE AND TERM OF PLAN

2.1 TERM OF PLAN. This Plan became effective as of the Effective Date and will continue in effect until the Expiration Date, at which time this Plan will automatically terminate.

2.2 EFFECT ON AWARDS. Awards may be granted only during the Plan Term, but each Award granted during the Plan Term will remain in effect after the Expiration Date until such Award has been exercised or terminated or expires in accordance with its terms and the terms of this Plan.

ARTICLE III
SHARES SUBJECT TO PLAN

3.1 BOARD AUTHORIZATION.

(a) On September 26, 2001, the Joint Board resolved to: (i) authorize and approve the adoption of the Plan; (ii) establish the Committee to administer the Plan, including granting Awards covering Plan Shares under the Plan to Eligible Persons, (iii) appoint Alan McGregor, Martin Koffel and Meredith Hellicar as initial members of the Committee, and (iv) reserve 45,077,100 shares of Common Stock for issuance upon exercise of Awards, effective immediately following the submission of the declaration referred to in article 52.3 of the Company's articles of association with the chamber of commerce and industries for Amsterdam (the "Plan Shares").

(b) On August 9, 2002, the authority to issue shares in the Company and to grant rights to subscribe for shares (including pursuant to the Plan) was transferred from the Joint Board to the Supervisory Board.

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(c) On November 11, 2003, the Board resolved to appoint the Remuneration Committee of the Board to be the Administrator of the Plan and to amend and restate this Plan to (i) provide for the reduction of the exercise price of Stock Options and other Awards granted under this Plan in the event of a capital return by the Company, and (ii) clarify the intent and terms of this Plan. As a result of the discretion granted to the Administrator in this Plan and the benefits and consideration provided to Recipients, this Amendment did not require the written consent of Recipients. This amended and restated Plan shall govern the terms of all Awards granted on or after Effective Date.

3.2 NUMBER OF SHARES. The maximum number of shares of Common Stock that may be issued pursuant to Awards granted under this Plan is 45,077,100, subject to adjustment as set forth in Section 3.5; provided, however, that the maximum number of shares of Common Stock that may be offered in Australia (whether such offer is made under an option or otherwise) is equal to the maximum number of shares that may be offered (whether such offer is made under an option or otherwise) in accordance with applicable Australian law without the need to issue an Australian prospectus, subject to adjustment as set forth in Section 3.5.

3.3 SOURCE OF SHARES. The Common Stock to be issued under this Plan will be made available, at the discretion of the Administrator, either from authorized but unissued shares of Common Stock, or from previously issued shares of Common Stock reacquired by the Company in accordance with Dutch law and the Company's articles of association.

3.4 AVAILABILITY OF UNUSED SHARES. Shares of Common Stock subject to unexercised portions of any Award that expire, terminate or are canceled, and shares of Common Stock issued pursuant to an Award that are reacquired by the Company pursuant to the terms of the Award under which such shares were issued, shall, upon such expiration, termination, cancellation or reacquisition, become available for the grant of further Awards under this Plan as part of the shares available under Section 3.2. In addition, shares of Common Stock subject to an Award that are delivered to or retained by the Company upon exercise to cover cashless exercise or tax withholding, and any shares of Common Stock underlying an Award that are not issued because the Award is settled in cash, shall be available for grant of further Awards under this Plan as part of the shares available under Section 3.2.

3.5 ADJUSTMENT PROVISIONS.

(a) Adjustments. If the Company consummates any Reorganization in which holders of shares of Common Stock are entitled to receive in respect of such shares any additional shares or new or different shares or securities, cash or other consideration (including, without limitation, a different number of shares of Common Stock), or if the outstanding shares of Common Stock are increased, decreased or exchanged for a different number or kind of shares or other securities through merger, consolidation, sale or exchange of assets of the Company, reorganization, re-capitalization, reclassification, combination, stock dividend, stock split, reverse stock split, spin-off, return of capital, or similar transaction, then, subject to Section 5.15, an appropriate and proportionate adjustment shall be made by the Administrator in: (1) the maximum number and kind of shares subject to this Plan as provided in Section 3.2; (2) the number and kind of shares or other securities subject to then outstanding Awards; and/or (3) the

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price for each share or other unit of any other securities subject to, or measurement criteria applicable to, then outstanding Awards.

(b) No Fractional Interests. No fractional interests will be issued under the Plan resulting from any adjustments.

(c) Adjustments Related to Company Stock. To the extent any adjustments relate to stock or securities of the Company, such adjustments will be made by the Administrator, whose determination in that respect will be final, binding and conclusive.

(d) Right to Make Adjustment. The grant of an Award will not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

3.6 RESERVATION OF SHARES. The Company will at all times reserve and keep available for issuance shares of Common Stock equaling at least the total number of shares of Common Stock issuable pursuant to all outstanding Awards with due observance of Section 3.2.

ARTICLE IV
ADMINISTRATION OF PLAN

4.1 ADMINISTRATOR.

(a) Plan Administration. This Plan shall be administered by the Board and may also be administered by a Committee of the Board appointed pursuant to Section 4.1(b).

(b) Administration by Committee. The Board in its sole discretion may from time to time appoint a Committee of not less than two (2) Board members with authority to administer this Plan in whole or part and, subject to applicable law, to exercise any or all of the powers, authority and discretion of the Board under this Plan. The Board may from time to time increase or decrease (but not below two (2)) the number of members of the Committee, remove from membership on the Committee all or any portion of its members, and/or appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation or otherwise. The Board may disband the Committee at any time.

4.2 AUTHORITY OF ADMINISTRATOR.

(a) Authority to Interpret Plan. Subject to the express provisions of this Plan, the Administrator shall have the power to implement, interpret and construe this Plan and any Awards and Award Documents or other documents defining the rights and obligations of the Company and Recipients hereunder and thereunder, to determine all questions arising hereunder and thereunder, and to adopt and amend such rules and regulations for the administration hereof and thereof as it may deem desirable. The interpretation and construction by the Administrator of any provisions of this Plan or of any Award or Award Document, and any action taken by, or inaction of, the Administrator relating to this Plan or any Award or Award Document, shall be within the discretion of the Administrator and shall be conclusive and binding upon all persons.

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Subject only to compliance with the express provisions hereof, the Administrator may act in its discretion in matters related to this Plan and any and all Awards and Award Documents.

(b) Authority to Grant Awards. Subject to the express provisions of this Plan, the Administrator may from time to time in its discretion select the Eligible Persons to whom, and the time or times at which, Awards will be granted or sold, the nature of each Award, the number of shares of Common Stock or the number of rights that make up or underlie each Award, the exercise price and period (if applicable) for the exercise of each Award, and such other terms and conditions applicable to each individual Award as the Administrator may determine. Any and all terms and conditions of Awards may be established by the Administrator without regard to existing Awards or other grants and without incurring any obligation of the Company in respect of subsequent Awards. The Administrator may grant or sell, at any time, new Awards to an Eligible Person who has previously received Awards or other grants (including other stock options) regardless of the status of such other Awards or grants. The Administrator may grant Awards singly or in combination or in tandem with other Awards as it determines in its discretion.

(c) Procedures. Subject to the Company's constitution or any Board resolution conferring authority on the Committee, any action of the Administrator with respect to the administration of this Plan must be taken pursuant to a majority vote of the authorized number of members of the Administrator or by the unanimous written consent of its members; provided, however, that (i) if the Administrator is the Committee and consists of two (2) members, then actions of the Administrator must be unanimous, and (ii) actions taken by the Board will be valid if approved in accordance with Dutch law.

4.3 NO LIABILITY. No member of the Board or the Committee or any designee thereof will be liable for any action or inaction with respect to this Plan or any Award or any transaction arising under this Plan or any Award except in circumstances constituting bad faith of such member.

4.4 AMENDMENTS.

(a) Plan Amendments. The Administrator may at any time and from time to time in its discretion, insofar as permitted by applicable law, rule or regulation and subject to Section 4.4(c), suspend or discontinue this Plan or revise or amend it in any respect whatsoever, and this Plan as so revised or amended will govern all Awards, including those granted before such revision or amendment. Without limiting the generality of the foregoing, the Administrator is authorized to amend this Plan to comply with or take advantage of amendments to applicable laws, rules, or regulations of any exchange or market system upon which the shares of Common Stock are listed or traded, or any rules or regulations promulgated thereunder. No stockholder approval of any amendment or revision will be required unless such approval is required by applicable law, rule or regulation.

(b) Award Amendments. The Administrator may at any time and from time to time in its discretion, subject to Section 4.4(c) and compliance with applicable statutory or administrative requirements, accelerate or extend the vesting or exercise period of any Award as

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a whole or in part, and make such other modifications in the terms and conditions of an Award as it deems advisable.

(c) Limitation. Except as otherwise provided in this Plan or in the applicable Award Document, no amendment, revision, suspension or termination of this Plan or an outstanding Award that would alter, impair or diminish in any material respect any rights or obligations under any Award theretofore granted under this Plan may be effected without the written consent of the Recipient to whom such Award was granted, provided that no such consent shall be required if the Administrator determines in its sole discretion and prior to the date of any Change in Control that such amendment or revision either is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of any accounting standard, or is not reasonably likely to diminish the Recipient's benefits thereunder or that any diminution has been adequately compensated for.

4.5 OTHER COMPENSATION PLANS. The adoption of this Plan will not affect any other stock option, incentive or other compensation plans in effect from time to time for the Company or any Affiliated Entity, and this Plan will not preclude the Company or any Affiliated Entity from establishing any other forms of incentive or other compensation for their employees or their directors, whether or not approved by stockholders.

4.6 PLAN BINDING ON SUCCESSORS. This Plan will be binding upon the successors and assigns of the Company.

4.7 REFERENCES TO SUCCESSOR STATUTES, REGULATIONS AND RULES. Any reference in this Plan to a particular statute, regulation or rule will also refer to any successor provision of such statute, regulation or rule.

4.8 INVALID PROVISIONS. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability is not to be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions are to be given full force and effect to the same extent as though the invalid and unenforceable provision were not contained herein.

4.9 GOVERNING LAW. This Plan will be governed by and interpreted in accordance with the laws of The Netherlands, without giving effect to the principles of the conflicts of laws thereof.

4.10 INTERPRETATION. Headings herein are for convenience of reference only, do not constitute a part of this Plan, and will not affect the meaning or interpretation of this Plan. References herein to Sections or Articles are references to the referenced Section or Article hereof, unless otherwise specified. For purposes of the Plan, references to the "grant" or "granting" of Awards shall mean the allocation by the Administrator of Awards covering Plan Shares.

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ARTICLE V
GENERAL AWARD PROVISIONS

5.1 PARTICIPATION IN PLAN.

(a) Eligibility to Receive Awards. A person is eligible to receive grants of Awards if, at the time of the grant of the Award, such person is an Eligible Person. Status as an Eligible Person shall not be construed as a commitment that any Award will be granted under this Plan to an Eligible Person or to Eligible Persons generally.

(b) Awards to Foreign Nationals. Notwithstanding anything to the contrary herein, the Administrator may, in order to fulfill the purposes of this Plan, modify grants of Awards to Recipients who are foreign nationals or employed outside of Australia to recognize differences in applicable law, tax policy or local custom.

5.2 AWARD DOCUMENTS.

(a) Generally. Subject to Section 5.2(b), the grant of each Award must be reflected in an agreement duly executed on behalf of the Company and by the Recipient or, in the Administrator's discretion, a confirming memorandum issued by the Company to the Recipient, setting forth such terms and conditions applicable to the Award as the Administrator may in its discretion determine. Awards shall not be deemed made or binding upon the Company, and Recipients shall have no rights thereto, until such an agreement is entered into between the Company and the Recipient or such a memorandum is delivered by the Company to the Recipient, but an Award may have an effective date prior to the date of such an agreement or memorandum. Award Documents may be (but need not be) identical and must comply with and be subject to the terms and conditions of this Plan, a copy of which will be provided to each Recipient and incorporated by reference into each Award Document. Any Award Document may contain such other terms, provisions and conditions not inconsistent with this Plan as may be determined by the Administrator. In case of any conflict between this Plan and any Award Document, this Plan shall control.

(b) Australian Nationals. In addition to the document referred to in Section 5.2(a), the Company shall comply with any requirements under Australian law and provide such documents as are necessary to avoid the need for a Disclosure Document.

5.3 PAYMENT FOR AWARDS.

(a) Payment of Exercise Price. The exercise price or other payment for an Award is payable upon the exercise of a Stock Option or upon other purchase of shares pursuant to an Award granted hereunder by delivery of legal tender of Australia or payment of such other consideration as the Administrator may from time to time deem acceptable in any particular instance, including but not limited to delivery of legal tender of the United States; provided, however, that the Administrator may, in the exercise of its discretion, allow exercise of an Award in a broker-assisted or similar transaction in which the exercise price is not received by the Company until promptly after exercise.

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(b) Broker-Assisted Exercises. If permitted by the Administrator and if the Company has established such a procedure, the exercise price for Awards may be paid through a special sale and remittance procedure pursuant to which the Recipient shall concurrently provide irrevocable instruction to (i) a Company-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares of Common Stock, plus all applicable income and employment taxes required to be withheld by the Company by reason of such exercise and (ii) the Company to deliver the certificates for the purchased shares of Common Stock directly to such brokerage firm in order to complete the sale.

(c) Company Assistance. The Company may assist any Recipient in the payment of the purchase price or other amounts payable in connection with the receipt or exercise of an Award, by lending such amounts to such person on such terms and at such rates of interest (if any) and upon such security (if any) as may be consistent with applicable law, including but not limited to the Dutch Consumer Credit Act, the Sarbanes-Oxley Act of 2002, and Regulation G promulgated by the Federal Reserve Board, and approved by the Administrator. In case of such a loan, the Administrator may require that the exercise be followed by a prompt sale of some or all of the underlying shares and that a portion of the sale proceeds be dedicated to full payment of the exercise price and amounts required pursuant to Section 5.10.

(d) Cashless Exercise. If permitted in any case by the Administrator in its discretion, the exercise price for Awards may be paid by shares of Common Stock delivered in transfer to the Company by or on behalf of the person exercising the Award and duly endorsed in blank or accompanied by stock powers duly endorsed in blank, with signatures guaranteed in accordance with the applicable legal statutes if required by the Administrator; or retained by the Company from the securities otherwise issuable upon exercise or surrender of vested and/or exercisable Awards or other equity awards previously granted to the Recipient and being exercised (if applicable) (in either case valued at Fair Market Value as of the exercise date); or such other consideration as the Administrator may from time to time in the exercise of its discretion deem acceptable in any particular instance.

(e) No Precedent. Recipients will have no rights to the broker-assisted procedure described in Section 5.3(b), the assistance described in Section 5.3(c) or the exercise techniques described in Section 5.3(d), and the Company may offer or permit such assistance or techniques on an ad hoc basis to any Recipient without incurring any obligation to offer or permit such assistance or techniques on other occasions or to other Recipients.

5.4 NO EMPLOYMENT RIGHTS. Nothing contained in this Plan (or in Award Documents or in any other documents related to this Plan or to Awards) will confer upon any Eligible Person or Recipient any right to continue in the employ of or engagement by the Company or any Affiliated Entity or constitute or form part of any contract or agreement of employment or engagement, or interfere in any way with the right of the Company or any Affiliated Entity to reduce such person's compensation or other benefits or to terminate the employment or engagement of such Eligible Person or Recipient, with or without cause. Except as expressly provided in this Plan or in any statement evidencing the grant of an Award, the

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Company has the right to deal with each Recipient in the same manner as if this Plan and any such statement evidencing the grant of an Award did not exist, including, without limitation, with respect to all matters related to the hiring, discharge, compensation and conditions of the employment or engagement of the Recipient. Unless otherwise set forth in a written agreement binding upon the Company or an Affiliated Entity or required by applicable law, all employees of the Company or an Affiliated Entity are "at will" employees whose employment may be terminated by the Company or the Affiliated Entity at any time for any reason or no reason, without payment or penalty of any kind. Any question(s) as to whether and when there has been a termination of a Recipient's employment or engagement, the reason (if any) for such termination, and/or the consequences thereof under the terms of this Plan or any statement evidencing the grant of an Award pursuant to this Plan will be determined by the Administrator and the Administrator's determination thereof will be final and binding.

5.5 RESTRICTIONS UNDER APPLICABLE LAWS AND REGULATIONS.

(a) Government and Other Approvals. All Awards will be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the securities subject to Awards granted under this Plan upon any securities exchange or inter-dealer quotation system or under any Australian or foreign law, or the consent of the members of the Company or approval of any government or regulatory body (including any stock exchange on which the Company's securities are listed), is necessary or desirable or required by law or any listing rules of any relevant stock exchange as a condition of, or in connection with, the granting of such an Award or the issuance, if any, or purchase of securities subject to an Award granted under this Plan, such Award may not be exercised as a whole or in part unless and until such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Company. During the term of this Plan, the Company will use its reasonable efforts to seek to obtain from the appropriate governmental and regulatory agencies (including any relevant stock exchange) any requisite qualifications, consents, approvals or authorizations in order to issue and sell such number of shares of its Common Stock as is sufficient to satisfy the requirements of this Plan. The inability of the Company to obtain any such qualifications, consents, approvals or authorizations will relieve the Company of any liability in respect of the non-issuance or sale of such stock as to which such qualifications, consents, approvals or authorizations pertain.

(b) No Registration Obligation; Recipient Representations. The Company will be under no obligation to register or qualify the issuance of Awards or underlying securities under the applicable securities laws (unless required by such laws). Unless the issuance of Awards and underlying securities have been registered under applicable securities laws, the Company shall be under no obligation to issue any Awards or underlying securities unless the Awards and underlying securities may be issued pursuant to applicable exemptions from such registration or qualification requirements. In connection with any such exempt issuance, the Administrator may require the Recipient to provide a written representation and undertaking to the Company, satisfactory in form and scope to the Company, that such Recipient is acquiring such Awards and underlying securities for such Recipient's own account as an investment and not with a view to, or for sale in connection with, the distribution of any such securities, and that such person will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under applicable law, and that if securities are

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issued without registration, a legend to this effect (together with any other legends deemed appropriate by the Administrator) may be endorsed upon the securities so issued, and to the effect of any additional representations that are appropriate in light of applicable securities laws and rules. The Company may also order its transfer agent to stop transfers of such shares. The Administrator may also require the Recipient to provide the Company such information and other documents as the Administrator may request in order to satisfy the Administrator as to the investment sophistication and experience of the Recipient and as to any other conditions for compliance with any such exemptions from registration or qualification.

(c) Compliance with Laws. Any offer of Awards, any announcement thereof and all offer notices, publications, advertisements and other documents, such as Award Documents, in which an offer of an Award is made or a forthcoming offer is announced, will (i) be in compliance with the applicable laws, rules and regulations of the jurisdictions in which the persons to whom the offer is directed are established, domiciled or resident and (ii) only be directed to Eligible Persons. In addition, in an Award Document, the Recipient may be required to represent that he or she is an Eligible Person. Any offer of Awards by the Company shall, or receipt, purchase or exercise of Awards or Plan Shares by a Recipient, or sale or other disposition of Plan Shares by a Recipient should comply with the Company's insider trading policy or policies and all applicable insider trading laws, rules and regulations.

5.6 ADDITIONAL CONDITIONS. Any Award may also be subject to such other provisions (whether or not applicable to any other Award or Recipient) as the Administrator deems appropriate, including without limitation provisions for the forfeiture of or restrictions on resale, transfer or other disposition of securities of the Company acquired under this Plan, provisions giving the Company the right to repurchase securities of the Company acquired under this Plan in the event the Recipient leaves the Company for any reason or elects to effect any disposition thereof, and provisions to comply with applicable securities laws.

5.7 NO PRIVILEGES RE STOCK OWNERSHIP OR SPECIFIC ASSETS. Except as otherwise set forth herein, a Recipient or a permitted transferee of an Award will have no rights as a shareholder with respect to any shares issuable or issued in connection with the Award until the Recipient has delivered to the Company all amounts payable and performed all obligations required to be performed in connection with exercise of the Award and the Company has issued such shares. No person will have any right, title or interest in any fund or in any specific asset (including shares of Common Stock) of the Company by reason of any Award granted hereunder. Neither this Plan (or any documents related hereto) nor any action taken pursuant hereto is to be construed to create a trust of any kind or a fiduciary relationship between the Company and any person. To the extent that any person acquires a right to receive an Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

5.8 NON-ASSIGNABILITY. No Award is assignable or transferable except: (a) by will or by the laws of descent and distribution; or (b) upon dissolution of marriage pursuant to a qualified domestic relations order or similar order by a court of competent jurisdiction or, in the discretion of the Administrator and under circumstances that would not adversely affect the interests of the Company, transfers for estate planning purposes or pursuant to a nominal transfer that does not result in a change in beneficial ownership. During the lifetime of a Recipient, an

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Award granted to such person will be exercisable only by the Recipient (or the Recipient's permitted transferee) or such person's guardian or legal representative.

5.9 INFORMATION TO RECIPIENTS.

(a) Provision of Information. The Administrator in its sole discretion may determine what, if any, financial and other information is to be provided to Recipients and when such financial and other information is to be provided after giving consideration to applicable laws, rules and regulations.

(b) Confidentiality. The furnishing of financial and other information that is confidential to the Company is subject to the Recipient's agreement to maintain the confidentiality of such financial and other information, and not to use the information for any purpose other than evaluating the Recipient's position under this Plan. The Administrator may impose other restrictions on the access to and use of such confidential information and may require a Recipient to acknowledge the Recipient's obligations under this Section 5.9(b) (which acknowledgment is not to be a condition to the Recipient's obligations under this Section 5.9(b)).

5.10 WITHHOLDING TAXES. Whenever the granting, vesting or exercise of any Award, or the issuance of any securities upon exercise of any Award or transfer thereof, gives rise to tax or tax withholding liabilities or obligations, the Administrator will have the right as a condition thereto to require the Recipient to remit to the Company an amount sufficient to satisfy any applicable statutory withholding tax requirements arising in connection therewith. The Administrator may, in its discretion, allow satisfaction of tax withholding requirements by accepting delivery of shares of Common Stock of the Company or by withholding a portion of the shares of Common Stock otherwise issuable in connection with an Award, in each case valued at Fair Market Value as of the date of such delivery or withholding, as the case may be, is determined.

5.11 LEGENDS ON AWARDS AND STOCK CERTIFICATES. Each Award Document and each certificate (if any) representing securities acquired upon vesting or exercise of an Award must be endorsed with all legends, if any, required by applicable securities and other laws to be placed on the Award Document and/or the certificate (if any). The determination of which legends, if any, will be placed upon Award Documents or the certificates will be made by the Administrator in its discretion and such decision will be final and binding.

5.12 EFFECT OF TERMINATION OF EMPLOYMENT ON AWARDS.

(a) Alteration of Vesting and Exercise Periods. Notwithstanding anything to the contrary herein, the Administrator may in its discretion (i) designate shorter or longer periods following a Recipient's termination of employment during which Awards may vest or be exercised; provided, however, that any shorter periods determined by the Administrator will be effective only if provided for in this Plan or the instrument that evidences the grant to the Recipient of the affected Award or if such shorter period is agreed to in writing by the Recipient, and (ii) accelerate the vesting of all or any portion of any Awards by increasing the number of shares purchasable at any time.

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(b) Leave of Absence. In the case of any employee on an approved leave of absence, the Administrator may make such provision respecting continuance of Awards granted to such employee as the Administrator in its discretion deems appropriate, except that in no event will an Award be exercisable after the date such Award would expire in accordance with its terms had the Recipient remained continuously employed.

(c) General Cessation. Except as otherwise set forth in this Plan or an Award Document or as determined by the Administrator in its discretion, all Awards granted to a Recipient, and all of such Recipient's rights thereunder, will terminate upon termination for any reason of such Recipient's employment with the Company or any Affiliated Entity.

5.13 RESTRICTIONS ON COMMON STOCK AND OTHER SECURITIES. Common Stock or other securities of the Company issued or issuable in connection with any Award will be subject to all of the restrictions imposed under this Plan upon Common Stock issuable or issued upon exercise of Stock Options, except as otherwise determined by the Administrator.

5.14 CANCELLATION AND RESCISSION OF AWARDS. Unless an Award Document or other separate written agreement binding upon the Company provides otherwise, the Administrator may cancel any unexpired, unpaid or deferred Award (whether or not vested) at any time if the Recipient thereof fails at any time to comply with all applicable provisions of the Award Document or this Plan.

5.15 EFFECT OF CHANGE IN CONTROL. Unless otherwise set forth in an Award Document or in this Section 5.15, as of the effective time and date of any Change in Control, this Plan and any then outstanding Awards (whether or not vested) will automatically terminate unless: (a) provision is made in writing in connection with such transaction for the continuance of this Plan and for the assumption of such Awards, or for the substitution for such Awards of new awards covering the securities of a successor entity or an affiliate thereof, on no less favorable terms and with appropriate adjustments as to the number and kind of securities and exercise prices or other measurement criteria, in which event this Plan and such outstanding Awards will continue or be replaced, as the case may be, in the manner and under the terms so provided; or (b) the Board otherwise provides in writing for such adjustments as it deems appropriate in the terms and conditions of the then-outstanding Awards (whether or not vested), including, without limitation, (i) accelerating the vesting of outstanding Awards, and/or (ii) providing for the cancellation of Awards and their automatic conversion into the right to receive the securities, cash or other consideration that a holder of the shares underlying such Awards would have been entitled to receive upon consummation of such Change in Control had such shares been issued and outstanding immediately prior to the effective date and time of the Change in Control (net of the appropriate option exercise prices). If, pursuant to the foregoing provisions of this Section 5.15, this Plan and the Awards terminate by reason of the occurrence of a Change in Control without provision for any of the action(s) described in clause (a) or (b) hereof, then subject to Section 5.12, Section 5.16 and Section 6.1(e), any Recipient holding outstanding Awards will have the right, at such time prior to the consummation of the Change in Control as the Board designates, to exercise or receive the full benefit of the Recipient's Awards to the full extent not theretofore exercised, including any installments which have not yet become vested.

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5.16 TERMINATION OF EMPLOYMENT IN CONNECTION WITH A CHANGE IN CONTROL.

(a) Acceleration of Awards. Unless otherwise set forth in an Award Document, if a Change in Control occurs and provision for Awards is made as described in part (a) or (b) of Section 5.15 such that a Recipient continues to own Awards or replacement awards, but in connection with such Change in Control and without any circumstances that would justify a Just Cause Dismissal of the Recipient, the Recipient's employment with the Company or an Affiliated Entity is terminated by the Company or an Affiliated Entity as described in Section 5.16(b), then, subject to Sections 5.12, 6.1(e), and 6.3(e) and the terms of any written employment agreement between the Company or any Affiliated Entity and the Recipient, such Recipient will have the right to exercise or receive the full benefit of the Recipient's Awards during the applicable time period provided in Sections 5.12, 6.1(e), and 6.3(e) without regard to any vesting or performance requirements or other milestones.

(b) Employment Termination. For purposes of this Section, and subject to any separate written agreement binding upon the Company, a Recipient's employment with the Company or any Affiliated Entity will be deemed to have been terminated in connection with a Change in Control if within two years of the Change in Control: (i) the Recipient is removed from the Recipient's employment by, or resigns the Recipient's employment upon the request of, a Person exercising practical voting control over the Company following the Change in Control or a person acting upon authority or at the instruction of such Person; or (ii) the Recipient's position is eliminated as a result of a reduction in force made to reduce over-capacity or unnecessary duplication of personnel and the Recipient is not offered a replacement position with compensation substantially similar to the compensation in effect immediately before the Change in Control; or (iii) the Recipient terminates employment because he or she is forced to relocate to a work place more than 50 miles away from his or her work place before the Change in Control. Unless otherwise provided in a written agreement with the Company or any Affiliated Entity, assignment of a Recipient to different duties or reporting will not be deemed to constitute or justify termination of Recipient's employment in connection with the Change in Control.

ARTICLE VI
AWARDS

6.1 STOCK OPTIONS.

(a) Nature of Stock Options. Stock Options granted under this Plan shall be Nonstatutory Stock Options.

(b) Option Exercise Price. The exercise price for each Stock Option will be determined by the Administrator as of the date such Stock Option is granted. The exercise price may be greater than or less than the Fair Market Value of the shares of Common Stock subject to the Stock Option as of the date of grant, provided that in no event may the exercise price per share of Common Stock be less than the nominal value, if any, per share of the Common Stock subject to the Stock Option.

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(c) Option Period and Vesting. A Stock Option shall become exercisable, as a whole or in part, on the date or dates specified by the Administrator and thereafter shall remain exercisable until the earlier of (i) the date that such Stock Option expires and becomes unexercisable pursuant to the terms of an Award Document or the terms of this Plan and (ii) the date that is ten (10) years after the date of grant.

(d) Exercise of Stock Options. The exercise price for Stock Options will be paid as set forth in Section 5.3. No Stock Option will be exercisable except in respect of whole shares, and fractional share interests shall be disregarded. A Stock Option will be deemed to be exercised when the individual at the Company designated as its "Stock Plan Administrator" (or other designated official of the Company) receives written notice of such exercise from the Recipient in the form of Exhibit A hereto or such other form as the Company may specify from time to time, together with payment of the exercise price in accordance with Section 5.3 and any amounts required under Section 5.10 or, with permission of the Administrator, arrangement for such payment. Notwithstanding any other provision of this Plan, the Administrator may impose, by rule and/or in Award Documents, such conditions upon the exercise of Stock Options (including, without limitation, conditions limiting the time of exercise to specified periods) as may be required to satisfy applicable regulatory requirements.

(e) Termination of Employment.

(i) Termination for Just Cause. Subject to Section 5.12 and except as otherwise provided in the Award Document or any written agreement between the Company or an Affiliated Entity and the Recipient, which may be entered into at any time before or after termination of employment, in the event of a Just Cause Dismissal of a Recipient all of the Recipient's unexercised Stock Options, whether or not vested, will expire and become unexercisable as of the date of such Just Cause Dismissal.

(ii) Termination Other Than for Just Cause. Subject to Section 5.12 and except as otherwise provided in the Award Document or any written agreement between the Company or an Affiliated Entity and the Recipient, which may be entered into at any time before or after termination of employment, if a Recipient's employment with the Company or any Affiliated Entity is terminated:

(A) by the Company or an Affiliated Entity on account of a Redundancy Termination, then (1) all Stock Options that would have vested between the date of such termination and December 31st of the year in which termination occurs shall vest in full and (2) all of the Recipient's vested Stock Options shall remain exercisable until the earlier of (x) the date such Stock Options would expire in accordance with their terms and (y) 90 days after the date of termination of employment. All other unvested Stock Options shall immediately expire and become unexercisable as of the date of such termination.

(B) by the Company or an Affiliated Entity for any reason other than Just Cause Dismissal, Redundancy Termination, death, Retirement or Permanent Disability, then, except as required by applicable law, (1) all unvested Stock Options shall immediately expire and become unexercisable on the date of such termination and (2) all vested and unexercised options shall remain exercisable until the earlier of (x) the date such Stock Options

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would expire in accordance with their terms and (y) 90 days after the date of termination of employment.

(C) by the Recipient for any reason other than death, Retirement or Permanent Disability, the Recipient's unexercised Stock Options that are not vested as of the termination date will expire and become unexercisable as of the date of termination, and the Recipient's unexercised Stock Options that are vested as of the date of termination will become unexercisable as of the earlier of: (1) the date such Stock Options would expire in accordance with their terms had the Recipient remained employed; and (2) 90 days after the date of termination of employment.

(D) due to death, Retirement or Permanent Disability, the Recipient's unexercised Stock Options will vest in full and will become unexercisable as of the earlier of: (1) the date such Stock Options would expire in accordance with their terms had the Recipient remained employed; and (2) two years after the date of death, Retirement or Permanent Disability.

6.2 PERFORMANCE AWARDS.

(a) Grant of Performance Award. The Administrator will determine in its discretion, subject to applicable law, the performance criteria (which need not be identical and may be established on an individual or group basis) governing Performance Awards, the terms thereof, and the form and time of payment of Performance Awards.

(b) Payment of Award. Upon satisfaction of the conditions applicable to a Performance Award, payment will be made to the Recipient in cash, in shares of Common Stock valued at Fair Market Value as of the date payment is due, or in a combination of shares of Common Stock and cash, as the Administrator in its discretion may determine.

6.3 RESTRICTED STOCK.

(a) Award of Restricted Stock. The Administrator will determine the Purchase Price (if any), the terms of payment of the Purchase Price, the restrictions upon the Restricted Stock, and when such restrictions will lapse.

(b) Requirements of Restricted Stock. All shares of Restricted Stock granted or sold pursuant to this Plan will be subject to the following conditions:

(i) No Transfer. The shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, alienated or encumbered until the restrictions are removed or expire;

(ii) Certificates. The Administrator may require that the certificates representing shares of Restricted Stock (if any) granted or sold to a Recipient remain in the physical custody of an escrow holder or the Company until all restrictions are removed or expire;

(iii) Restrictive Legends. Each certificate (if any) representing shares of Restricted Stock granted or sold to a Recipient pursuant to this Plan will bear such legend or

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legends making reference to the restrictions imposed upon such shares of Restricted Stock as the Administrator in its discretion deems necessary or appropriate to enforce such restrictions; and

(iv) Other Restrictions. The Administrator may impose such other conditions on shares of Restricted Stock as the Administrator may deem advisable, including, without limitation, trading or other restrictions under any laws or rules of any applicable stock exchange or clearing house applicable to such securities.

(c) Lapse of Restrictions. The restrictions imposed upon Restricted Stock will lapse in accordance with such terms or other conditions as are determined by the Administrator.

(d) Rights of Recipient. Subject to the provisions of Section 6.3(b) and any restrictions imposed upon the shares of Restricted Stock, the Recipient will have all rights of a stockholder with respect to the shares of Restricted Stock granted or sold to such Recipient under this Plan, including, without limitation, the right to vote the shares of Restricted Stock and receive all dividends and other distributions paid or made with respect thereto.

6.4 STOCK APPRECIATION RIGHTS.

(a) Granting of Stock Appreciation Rights. The Administrator may at any time and from time to time approve the grant to Eligible Persons of Stock Appreciation Rights, related or unrelated to Stock Options.

(b) Stock Appreciation Rights Related to Options.

(i) A Stock Appreciation Right related to a Stock Option will entitle the holder of the related Stock Option, upon exercise of the Stock Appreciation Right, to surrender such Stock Option, or any portion thereof to the extent previously vested but unexercised, with respect to the number of shares of Common Stock as to which such Stock Appreciation Right is exercised, and to receive payment of an amount computed pursuant to Section 6.4(b)(iii). Such Stock Option will, to the extent surrendered, then cease to be exercisable.

(ii) A Stock Appreciation Right related to a Stock Option hereunder will be exercisable at such time or times, and only to the extent that, the related Stock Option is exercisable, and will not be transferable except to the extent that such related Stock Option may be transferable (and under the same conditions), will expire no later than the expiration of the related Stock Option, and may be exercised only when the market price of the Common Stock subject to the related Stock Option exceeds the exercise price of the Stock Option.

(iii) Upon the exercise of a Stock Appreciation Right related to a Stock Option, the Recipient will be entitled to receive payment of an amount determined by multiplying: (A) the difference obtained by subtracting the exercise price of a share of Common Stock specified in the related Stock Option from the Fair Market Value of a share of Common Stock on the date of exercise of such Stock Appreciation Right (or as of such other date or as of the occurrence of such event as may have been specified in the instrument evidencing the grant

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of the Stock Appreciation Right), by (B) the number of shares as to which such Stock Appreciation Right is exercised.

(c) Stock Appreciation Rights Unrelated to Options. The Administrator may grant Stock Appreciation Rights unrelated to Stock Options. Section 6.4(b)(iii) will govern the amount payable at exercise under such Stock Appreciation Right, except that in lieu of an option exercise price the initial base amount specified in the Award shall be used.

(d) Limits. Notwithstanding the foregoing, the Administrator, in its discretion, may place a dollar limitation in such currency as it in its discretion chooses on the maximum amount that will be payable upon the exercise of a Stock Appreciation Right.

(e) Payments. Payment of the amount determined under the foregoing provisions may be made solely in whole shares of Common Stock valued at their Fair Market Value on the date of exercise of the Stock Appreciation Right or, alternatively, at the discretion of the Administrator, in cash (in such currency as the Administrator in its discretion chooses) or in a combination of cash and shares of Common Stock as the Administrator deems advisable. The Administrator has full discretion to determine the form in which payment of a Stock Appreciation Right will be made and to consent to or disapprove the election of a Recipient to receive cash in full or partial settlement of a Stock Appreciation Right. If the Administrator decides to make full payment in shares of Common Stock, and the amount payable results in a fractional share, payment for the fractional share will be made in cash.

6.5 STOCK PAYMENTS. The Administrator may approve Stock Payments to any Eligible Person on such terms and conditions as the Administrator may determine. Stock Payments will replace cash compensation at the Fair Market Value of the Common Stock on the date payment is due.

6.6 DIVIDEND EQUIVALENTS. The Administrator may grant Dividend Equivalents to any Recipient who has received a Stock Option, Stock Appreciation Right or other Award denominated in shares of Common Stock. Dividend Equivalents may be paid in cash, shares of Common Stock or other Awards; the amount of Dividend Equivalents paid other than in cash will be determined by the Administrator by application of such formula as the Administrator may deem appropriate to translate the cash value of dividends paid to the alternative form of payment of the Dividend Equivalent. Dividend Equivalents will be computed as of each dividend record date and will be payable to recipients thereof at such time as the Administrator may determine.

6.7 STOCK BONUSES. The Administrator may issue Stock Bonuses to Eligible Persons on such terms and conditions as the Administrator may determine.

6.8 STOCK SALES. The Administrator may sell to Eligible Persons shares of Common Stock on such terms and conditions as the Administrator may determine.

6.9 OTHER STOCK-BASED BENEFITS. The Administrator is authorized to grant Other Stock-Based Benefits. Other Stock-Based Benefits are any arrangements granted under this Plan not otherwise described above that: (a) by their terms might involve the issuance or sale of shares of Common Stock or other securities of the Company; or (b) involve a benefit that is measured, as a whole or in part, by the value, appreciation, dividend yield or other features

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attributable to a specified number of shares of Common Stock or other securities of the Company.

ARTICLE VII
DEFINITIONS

Capitalized terms used in this Plan and not otherwise defined have the meanings set forth below:

"ADMINISTRATOR" means the Board as long as no Committee has been appointed and is in effect and also means the Committee to the extent that the Board has delegated authority thereto.

"AFFILIATED ENTITY" means any entity controlled by the Company.

"APPLICABLE DIVIDEND PERIOD" means (i) the period between the date a Dividend Equivalent is granted and the date the related Stock Option, Stock Appreciation Right, or other Award is exercised, terminates, or is converted into shares of Common Stock, or (ii) such other time as the Administrator may specify in the written instrument evidencing the grant of the Dividend Equivalent.

"ASX" means the Australian Stock Exchange Limited, or the stock market conducted by it, as the context requires.

"AWARD" means any Stock Option, Performance Award, Restricted Stock, Stock Appreciation Right, Stock Payment, Stock Bonus, Stock Sale, Dividend Equivalent, or Other Stock-Based Benefit granted or sold to a Recipient under this Plan.

"AWARD DOCUMENT" means the agreement or confirming memorandum setting forth the terms and conditions of an Award.

"BOARD" means the Supervisory Board of the Company.

"CHANGE IN CONTROL" means the following and shall be deemed to occur if any of the following events occurs:

(i) Any Person becomes the beneficial owner (within the meaning of applicable securities laws) of 30% or more of either the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or

(ii) Individuals who, as of the Effective Date hereof, constitute the Board (the "INCUMBENT BOARD"), cease for any reason to constitute at least a majority of the Board, provided that any individual who becomes a member of the Board after the effective date hereof whose election, or nomination for election by the Company's shareholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be a member of the Incumbent Board unless that individual was nominated or elected by any person, entity or group (as defined above) having the power to exercise, through beneficial ownership, voting agreement and/or proxy, twenty

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percent (20%) or more of either the outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, in which case that individual shall not be considered to be a member of the Incumbent Board unless such individual's election or nomination for election by the Company's shareholders is approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board; or

(iii) Consummation by the Company of the sale or other disposition by the Company of all or substantially all of the Company's assets or a Reorganization of the Company with any other person, corporation or other entity, other than a

(A) Reorganization that would result in the voting securities of the Company outstanding immediately prior thereto (or, in the case of a Reorganization that is preceded or accomplished by an acquisition or series of related acquisitions by any Person, by tender or exchange offer or otherwise, of voting securities representing 5% or more of the combined voting power of all securities of the Company, immediately prior to such acquisition or the first acquisition in such series of acquisitions) continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such Reorganization (or series of related transactions involving such a Reorganization), or

(B) Reorganization effected to implement a re-capitalization or re-incorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor; or

(iv) Resolution of the shareholders of the Company or a court order of the competent Dutch court to liquidate the Company or the liquidation of the Company on any other ground for liquidation pursuant to applicable law.

"COMMITTEE" means any committee appointed by the Board to administer this Plan pursuant to Section 4.1.

"COMMON STOCK" means the common stock of the Company, as constituted at the moment immediately following the submission of the declaration referred to in article 52.3 of the Company's articles of association with the chamber of commerce and industries for Amsterdam, and as thereafter adjusted under Section 3.5. The Administrator, in its discretion, may treat CUFS or American Depository Shares ("ADSs") evidenced by American Depository Receipts ("ADRs") as equivalent to and interchangeable with the Common Stock of the Company for the purposes of this Plan, in the case of ADRs on a proportionately adjusted basis to account for the ratio of Common Stock in relation to ADRs.

"COMPANY" means James Hardie Industries N.V., a company incorporated under the laws of The Netherlands, with its corporate seat in Amsterdam, The Netherlands.

"CUFS" means CHESS Units of Foreign Securities as defined in the SCH Business Rules.

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"DISCLOSURE DOCUMENT" has the same meaning as set out in the Corporations Law.

"DIVIDEND EQUIVALENT" means a right granted by the Company under Section 6.6 to a holder of a Stock Option, Stock Appreciation Right or other Award denominated in shares of Common Stock to receive from the Company during the Applicable Dividend Period payments equivalent to the amount of dividends payable to holders of the number of shares of Common Stock underlying such Stock Option, Stock Appreciation Right, or other Award.

"EFFECTIVE DATE" means September 26, 2001, the date that the Plan was adopted by the Board.

"ELIGIBLE PERSON" means employees of the Company or of any Affiliated Entity, including officers of the Company or of any Affiliated Entity who are employees of the Company or any Affiliated Entity; provided, however, that any employee who is also a member of the Managing, Supervisory or Joint Boards of the Company shall not be an Eligible Person, and provided further, that if any listing rule of any stock exchange where the Company's securities are listed or the ASX requires the Company to obtain shareholder approval prior to granting an Award or issuing any securities to any employee, such an employee is not an Eligible Person unless and until any such shareholder approval has been obtained.

"EXPIRATION DATE" means the tenth (10th) anniversary of the Effective Date.

"FAIR MARKET VALUE" as of a particular date means either:

(i) the market price of a share of the Common Stock determined as follows: (A) if the stock is listed on an established stock exchange or exchanges (including for this purpose, the Nasdaq National Market), the closing price of a share on that trading day on the primary exchange upon which the stock trades, as measured by volume, as published in The Australian Financial Review or other reputable newspaper circulating in the country where the Company's Common Stock is primarily listed, or if no sale price was quoted for such date, then as of the next preceding date on which such a sale price was quoted, or (B) if the stock is not then listed on an established stock exchange, the fair market value as determined by the Administrator in good faith on such basis as it deems appropriate;

(ii) the market price of an ADS evidenced by an ADR determined as follows: (A) if the ADR is listed on an established exchange or exchanges (including for this purpose, the Nasdaq National Market), the closing price of the ADR on that trading day on the primary exchange on which the ADR trades, as measured by volume, as published in The Wall Street Journal or other reputable newspaper circulating in the country where the Company's ADRs are primarily listed, or if no sale price was quoted for such date, then as of the next preceding date on which the sale price was quoted, or (B) if the ADR is not then listed on an established stock exchange, the fair market value as determined by the Administrator in good faith on such basis as it deems appropriate; or

(iii) the market price of a single CUFS unit determined as follows: (A) if the CUFS are listed on an established exchange or exchanges (including for this purpose, the ASX), the arithmetic mean of the highest and lowest sale prices of the CUFS or the underlying stock for that trading day on the primary exchange on which the CUFS or

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underlying stock trade, as measured by volume, as published in The Australian Financial Review or other reputable newspaper circulating in the country where the Company's CUFS are primarily listed, or if no sale price was quoted for such date, then as of the next preceding date on which the sale price was quoted, or (B) if the CUFS or underlying stock are not then listed on an established stock exchange, the fair market value as determined by the Administrator in good faith on such basis as it deems appropriate.

"JUST CAUSE DISMISSAL" means a termination of a Recipient's employment for any of the following reasons: (i) the refusal of the Recipient to carry out reasonable directions provided to the Recipient by the Board, the President or Chief Executive Officer of the Company, or any other person who has the authority to so direct the Recipient; (ii) the commission of a grossly negligent act by the Recipient in the performance of his or her duties which injures the Company; (iii) the commission of theft from the Company by the Recipient; (iv) a material violation of any policy of the Company which injures the Company; (v) the conviction of the Recipient of violating a criminal law that involves the commission of a felony or other crime that involves moral turpitude; (vi) the performance of services by the Recipient for any other person or entity that, in the judgment of the Chief Executive Officer of the Company or other senior executive officer designated by the Administrator, competes with the Company or an Affiliated Entity, or is otherwise prejudicial to or in conflict with the business or interests of the Company or its Affiliated Entities, while the Recipient is employed by the Company and without the prior written approval of the Chief Executive Officer of the Company.

"NONSTATUTORY STOCK OPTION" means a regular Stock Option that is not covered by special tax or other regulatory provisions.

"OTHER STOCK-BASED BENEFITS" means an Award granted under Section 6.9.

"PERFORMANCE AWARD" means an Award under Section 6.2, payable in cash, shares of Common Stock or a combination thereof, that vests and becomes payable over a period of time upon attainment of individual performance criteria or other criteria tied to the performance of the Company, any Affiliated Entity, or any part of the Company or any Affiliated Entity, established in connection with the grant of the Award, which may include satisfactory completion of a specified period of employment service.

"PERMANENT DISABILITY" means that the Recipient becomes physically or mentally incapacitated or disabled so that the Recipient is unable to perform substantially the same services as the Recipient performed prior to incurring such incapacity or disability (the Company, at its option and expense, being entitled to retain a physician to confirm the existence of such incapacity or disability, and the determination of such physician to be binding upon the Company and the Recipient), and such incapacity or disability continues for a period of three consecutive months or six months in any 12-month period or such other period(s) as may be determined by the Administrator with respect to any Award.

"PERSON" means any person, entity or group, within the meaning ascribed to by relevant security laws, but excluding (i) the Company and its subsidiaries, (ii) any depositary for the CUFS or ADRs, (iii) any employee stock ownership or other employee benefit plan maintained

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by the Company and (iv) an underwriter or underwriting syndicate that has acquired the Company's securities solely in connection with a public offering thereof.

"PLAN" means the 2001 Equity Incentive Plan of the Company, as amended from time to time.

"PLAN TERM" means the period during which this Plan remains in effect (commencing the Effective Date and ending on the Expiration Date).

"PURCHASE PRICE" means the purchase price (if any) to be paid by a Recipient for Restricted Stock as determined by the Administrator (which price shall be at least equal to the minimum price required under applicable laws and regulations for the issuance of shares of Common Stock which is nontransferable and subject to a substantial risk of forfeiture until specific conditions are met).

"RECIPIENT" means an employee, including an officer, who has received an Award under this Plan.

"REDUNDANCY TERMINATION" means termination of a Recipient's employment as a result of the elimination of a Recipient's position or as part of a reduction of force that is not related to the performance of the Recipient.

"REORGANIZATION" means any merger, consolidation or other reorganization.

"RESTRICTED STOCK" means Common Stock or CUFS issued in respect of such stock that is the subject of an Award made under Section 6.3 and that is nontransferable and subject to a substantial risk of forfeiture until specific conditions are met, as set forth in this Plan and in any statement evidencing the grant of such Award.

"RETIREMENT" of a Recipient means the Recipient's resignation from the Company or any Affiliated Entity after reaching age 62 and at least five years of full-time employment by the Company or any Affiliated Entity, without any circumstances that would justify a Just Cause Dismissal of the Recipient.

"STOCK APPRECIATION RIGHT" means a right granted under Section 6.4 to receive a payment that is measured with reference to the amount by which the Fair Market Value of a specified number of shares of Common Stock appreciates from a specified date, such as the date of grant of the Stock Appreciation Right, to the date of exercise.

"STOCK BONUS" means an issuance or delivery of unrestricted or restricted shares of Common Stock under Section 6.7 as a bonus for services rendered or for any other valid consideration under applicable law.

"STOCK PAYMENT" means a payment in shares of Common Stock under Section 6.5 to replace all or any portion of the compensation or other payment that would otherwise become payable to the Recipient in cash.

"STOCK OPTION" means a right to purchase shares of Common Stock granted under Section 6.1 of this Plan.

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Allens Arthur Robinson

JAMES HARDIE INDUSTRIES NV
ARBN 097 829 895
Incorporated in The Netherlands with corporate seat in Amsterdam.
The liability of members is limited.

PETER DONALD MACDONALD 2002 SHARE OPTION PLAN
RULES

1. PURPOSE, DEFINITIONS AND INTERPRETATION

1.1 These Rules are the rules agreed between James Hardie and the Executive and approved by the Board under the Executive Service Agreement.

1.2 In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears:

AGM means an Annual General Meeting of James Hardie.

ASX means Australian Stock Exchange Limited or the stock market conducted by it, as the context requires.

ASX MARKET PRICE on a particular day means the closing price of Ordinary Shares on the last trading day preceding that day.

BOARD means the joint board of James Hardie.

BUSINESS DAY means a day which is a trading day on ASX.

CHANGE IN CONTROL means:

(a) a person obtains Voting Power in James Hardie of at least 30% pursuant to a takeover bid for all or a proportion of all of the voting shares of James Hardie which is or becomes unconditional;

(b) a scheme of arrangement or other merger proposal in relation to James Hardie becomes binding on the holders of all of the voting shares of James Hardie and by reason of such scheme or proposal a person obtains Voting Power in James Hardie of at least 30%; or

(c) a person becomes beneficial owner of at least 30% of the voting shares of James Hardie on issue other than under (a) or (b).

EXERCISE PRICE means the exercise price of the Option Series, being the price equal to the average last traded price of Ordinary Shares sold on the ASX on the five trading days

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immediately before the meeting of shareholders of James Hardie called to approve the issue of options under the Plan, as adjusted in accordance with Rule 5.

EXECUTIVE means Peter Donald Macdonald.

EXECUTIVE SERVICE AGREEMENT means the executive service agreement between the Executive and James Hardie to come into effect on 1 November 2002.

FAMILY MEMBER means the wife or a child of the Executive, provided that such person can not be a resident of The Netherlands.

FIFTH ANNIVERSARY means five years from the Issue Date.

GROUP means James Hardie and its subsidiaries as defined in the Corporations Act 2001.

ISSUE DATE means the date the Option Series is issued to the Executive under the Plan.

JAMES HARDIE means James Hardie Industries N.V., with corporate seat at Amsterdam, The Netherlands;

LISTING RULES means the Official Listing Rules of ASX.

MEDIAN TSR means the middle value of the series comprising the TSR for each company comprising the Peer Group.

NOMINEE means a Family Member or company nominated by an Option holder for an issue of an Ordinary Share under Rule 3.1, provided that the company nominated can not be a resident of The Netherlands.

NYSE means the New York Stock Exchange.

OPTION means options to subscribe for Ordinary Shares granted under the Executive Service Agreement and the Plan.

OPTIONS SERIES means 1,950,000 Options.

ORDINARY SHARES means ordinary shares in the capital of James Hardie.

PEER GROUP means the companies in the Peer Group Index or, where no such listing is compiled by S&P/ASX, such other comparable companies as the Board may determine in its absolute discretion, but always excluding James Hardie.

PEER GROUP INDEX means the companies listed in the S&P/ASX 200 Index at the start of the Performance Period, excluding the companies listed in the 200 Financials and 200 Property Trust indices.

PERCENTILE TSR means the TSR of a company in the Peer Group, with the company identified by dividing the companies in the Peer Group into a hundred equal groups ranked in order of TSR magnitude.

PERFORMANCE DATE means:

(a) the Third Anniversary; or

(b) if at the Third Anniversary Rule 4.6 is not satisfied, on the first Business Day of the month which falls between the Third Anniversary until the Fifth Anniversary on which Rule 4.6 is satisfied.

PERFORMANCE PERIOD means the period commencing on the Issue Date and ending at the relevant Performance Date.

PLAN means this Peter Donald Macdonald 2002 Share Option Plan.

RESIDENT means established, domiciled or have residence in a country.

RULES means the rules of the Plan agreed and approved as described in Rule 1.1.

THIRD ANNIVERSARY means the day falling three years from the Issue Date or, if that day is not a Business Day, the next succeeding Business Day.

TSR means, in respect of a company, total shareholder returns (including dividends and other distributions) of the company being the amount calculated according to the procedure set out in Schedule A to these Rules.

TSR RANKING means the percentile ranking of James Hardie amongst the Peer Group, ranked in ascending order according to their TSR (being the percentage of companies in the Peer Group above which James Hardie ranks).

VOTING POWER has the same meaning as is given to that term in the Corporations Act 2001.

1.3 Where any calculation or adjustment made under these Rules produces a fraction of a cent or a share, the fraction must be eliminated by rounding to the nearest whole number favourable to the holder of these Rules.

1.4 Words denoting the singular number only shall include the plural number and vice versa.

1.5 Headings have been inserted for ease of reference only and shall not affect the interpretation of these Rules.

2. GRANT OF OPTIONS

2.1 Subject to Rule 9, James Hardie must grant the Option Series to the Executive and/or, at his request, to a Nominee, each being an option to subscribe for, and be issued, one Ordinary Share. The Options are to be granted as soon as possible after the later to occur of the Board approving these Rules under Rule 1.1, or shareholder approval is given under Rule 9.

2.2 The Options will be granted on the terms of these Rules.

2.3 Upon grant of an Option, James Hardie must deliver to the Option holder a certificate evidencing that Option and setting out the terms of its issue and the rights of the Option holder under these Rules.

3. ENTITLEMENT

3.1 Each Option entitles the holder upon exercise under these Rules to be issued, or at the holder's request to have issued to a Nominee, credited as fully paid, one Ordinary Share at an issue price equal to the Exercise Price.

3.2 On the exercise of each Option, James Hardie must issue an Ordinary Share to the holder or Nominee as requested on the date on which the Option is exercised.

3.3 Ordinary Shares issued on the exercise of Options will rank pari passu with all existing Ordinary Shares from the date of issue.

3.4 James Hardie must promptly make application for official quotation by the ASX of all Ordinary Shares issued on the exercise of Options.

4. EXERCISE OF OPTIONS

4.1 An Option is exercisable by the holder delivering to James Hardie's Secretary:

(a) the certificate for the Option;

(b) a notice addressed to James Hardie and signed by the holder of the Option stating the number of Options which are to be exercised;

(c) if required by Dutch law, a notification form for purposes of the insider trading notification to the Dutch Securities Board; and

(d) payment to James Hardie in cleared funds of the Exercise Price applicable to all of the Options specified to be exercised.

4.2 If the items listed in Rule 4.1 are delivered in accordance with that Rule James Hardie must within 7 days:

(a) issue to the Option holder or Nominee as requested fully paid Ordinary Shares in respect of the Options which are exercised, together with any additional entitlement which has arisen under these Rules;

(b) enter the Option holder or Nominee as appropriate in the register of members as the registered holder of the Ordinary Shares so issued;

(c) cancel the certificate delivered under Rule 4.1 and issue a replacement certificate for any unexercised Options which were comprised in the certificate delivered by the Option holder under Rule 4.1.

4.3 Subject to the provisions of Rules 4.4, 4.5 and 4.6, Options become exercisable on or after the Third Anniversary.

4.4 If before a Performance Date:

(a) there has been a Change in Control of James Hardie; or

(b) the Executive's employment is terminated by James Hardie without cause; or

(c) the Executive dies during the term of the Executive Service Agreement; or

(d) the Executive's Service Agreement with James Hardie is terminated by effluxion of time;

then Options may be exercised on any date on or after such event provided that Rule 4.6 has been satisfied as at the time the event set out above occurs.

4.5 An Option not exercised lapses on the first to occur of:

(a) ten years from the Issue Date;

(b) 2 months after the event in Rule 4.4(a) occurs, where a person obtains Voting Power in James Hardie of more than 95%, or a person becomes beneficial owner of more than 95% of the voting shares of James Hardie on issue;

(c) 18 months after the event in Rule 4.4(a) occurs, where a person obtains Voting Power in James Hardie of less than 95%, or a person becomes beneficial owner of less than 95% of the voting shares of James Hardie on issue;

(d) 18 months after any of the events set out in Rules 4.4(b) to (d) occur; and

(e) on the Fifth Anniversary, if Rule 4.6 has never been satisfied.

4.6 The Options are only exercisable if at the relevant Performance Date or, if Rule 4.4 applies, at the time indicated in that Rule:

(a) for 1,462,500 Options, the TSR for James Hardie is equal to or above the Median TSR (where the top performing company is at the 100th Percentile); and

(b) for up to 487,500 Options, 19,500 Options for each 1% increment in James Hardies' TSR Ranking above the Median TSR.

5. ANTI DILUTION PROVISIONS

5.1 PARTICIPATION IN NEW ISSUES

Subject to the provisions of Rules 5.2 and 5.3, the holder of an Option may participate in new issues of securities of James Hardie to holders of Ordinary Shares if the Option is exercised before the record date for determining entitlements to the issue. James Hardie must give 7 Business Days' notice of any new issue to the holder before the record date for determining

entitlements to the issue in accordance with the Listing Rules, so as to permit the holder to exercise any Option which, on its terms, may be exercised before that record date.

5.2 BONUS ISSUES

If:

(a) James Hardie makes a bonus issue or bonus issues, of shares or other securities pro rata to holders of Ordinary Shares; and

(b) for any reason an Option has not been exercised before the record date for determining entitlements to that bonus issue:

then:

(c) that Option, if and when exercised, entitles the holder to receive the bonus issues in respect of Ordinary Shares resulting from exercise of the Option, as if the Option had been exercised and the Ordinary Shares issued before the record date applicable to the first bonus issue.

5.3 RIGHTS ISSUES

If:

(a) James Hardie makes an offer of Ordinary Shares pro rata to all or substantially all holders of Ordinary Shares for a subscription price which is less than the then Market Price (defined below); and

(b) for any reason an Option has not been exercised before the record date for determining entitlements to the rights issue:

then:

(c) the Exercise Price must be reduced by an amount calculated as:

$$O' = O - E\left[P - \frac{(S+D)}{N+1}\right]$$

O' = the new exercise price of the option.

O = the old exercise price of the option.

E = the number of underlying securities into which one option is exercisable.

NOTE: E is one unless the number has changed because of a bonus issue.

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

5.4 NOTIFICATION

James Hardie must notify the Option holder and the ASX within one month after the record date for a pro rata bonus or rights issue of the adjustment to the number of Ordinary Shares over which each Option exists and the adjustment to the Exercise Price.

5.5 CAPITAL RECONSTRUCTIONS

If the issued ordinary capital of James Hardie is reconstructed then the:

(a) entitlement to securities attaching to each Option; and

(b) Exercise Price;

must each be reconstructed in the same proportion as the issued ordinary capital of James Hardie is reconstructed, and in a manner which does not result in any additional benefits being conferred nor any adverse consequences being imposed on the holder which are not conferred or imposed on shareholders of James Hardie (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for the exercise of Options will remain unchanged.

5.6 In particular, if:

(a) James Hardie makes a return of capital to the holders of Ordinary Shares then the Exercise Price must accordingly be reduced by the amount of the capital returned in respect of each such Ordinary Share;

(b) the Ordinary Shares in James Hardie are subdivided or consolidated into Ordinary Shares of a different amount:

(i) the number of Options immediately prior to such reconstruction must be correspondingly adjusted to a number equivalent to the number of Ordinary Shares which would have resulted to the holder by virtue of the reconstruction if, immediately prior to the reconstruction, the holder had been registered as the holder of all of the Ordinary Shares which would have been issued to the holder on exercise of all the Options; and

(ii) the Exercise Price must be adjusted so that it bears the same proportion to the Exercise Price as the total number of issued Ordinary Shares immediately prior to the reconstruction bears to the total number of issued Ordinary Shares immediately after the reconstruction.

5.7 ISSUE OF SECURITIES IN OTHER CORPORATIONS

If any offer is made to the holders of Ordinary Shares, either pro rata to their existing holdings of Ordinary Shares or on a preferential or any other basis, for the subscription or purchase of

shares or securities of any company other than James Hardie by way of cash subscription, James Hardie must use its best endeavours to procure that there is made to each holder of Options an offer on terms which corresponds with the offer the holder would have received had each option been exercised and Ordinary Shares issued.

5.8 OTHER ADJUSTMENTS

If any reconstruction or alteration to the share capital or other securities of James Hardie, or the rights attaching to them, occurs so that for any reason, in the opinion of James Hardie or the Executive, the application of the earlier provisions of this Rule 5 does not provide for adjustments which are fair and equitable, James Hardie or the Executive may request that James Hardie and the Executive negotiate in good faith with a view to determining any appropriate adjustments. If such a request is made by James Hardie or the Executive and a conclusion has not been negotiated which is satisfactory to James Hardie and the Executive within a period of two months after that request is made, either James Hardie or the Executive may request that the matter be determined under Rule 7.

6. MISCELLANEOUS

6.1 James Hardie must send to the holder of Options all reports and accounts required to be laid before shareholders of James Hardie in general meeting, and all notices of general meetings of shareholders, as if the Option holder was a shareholder.

6.2 If Options are exercised simultaneously then the holder may aggregate the number of Ordinary Shares or fractions of Ordinary Shares or other securities to which the holder is entitled to subscribe under those Options. Fractions in the aggregate number only will be disregarded in determining the total entitlement to subscribe.

6.3 James Hardie must give notice to a holder of any adjustment to the number of Ordinary Shares or other securities which the holder is entitled to subscribe for on exercise of an Option, and of any adjustment to the Exercise Price payable on the exercise of an Option.

6.4 In spite of anything else in these Rules, the exercise of Options and disposal of the resulting Ordinary Shares is subject to:

(a) the insider trading rules imposed by law; and

(b) the securities transactions rules which James Hardie and the Executive have agreed to apply to the Executive.

7. DETERMINATION BY EXPERTS

7.1 If either James Hardie or the Executive makes a request under Rule 5.8 that a matter be determined under this Rule, the following provisions apply.

7.2 Each of James Hardie and the Executive must within 14 days after the request is made, appoint an expert and request that the matter be determined by agreement between the experts respectively appointed by them, after receiving any submissions which either James Hardie or the Executive might wish to make.

7.3 If the experts appointed by James Hardie and the Executive are not able to reach agreement within one month after their appointment, then either James Hardie or the Executive may request that the matter be determined by a third expert to be selected by the experts appointed by each of James Hardie and the Executive and may request that the third expert make a decision on the matter as soon as practicable after receiving any submissions which either James Hardie or the Executive might wish to make. If the experts appointed by James Hardie and the Executive are not able to agree upon a third expert to be appointed under this Rule within seven days after being requested to do so, then the third expert must be appointed by the President for the time being of the Securities Institute of Australia.

7.4 The decision of any experts or expert made under this Rule is, in the absence of manifest error, to be conclusive and binding on James Hardie and the Executive and the holder of Options. James Hardie and the Executive must each pay one half of the costs and expenses of any third expert appointed in making a determination. The expert or experts will be appointed as experts and not as arbitrators, and the procedures for determination of a matter referred to the experts are to be decided by the experts in their absolute discretion.

8. NOTICES

8.1 James Hardie must give notices to the holders of Options in the manner prescribed by the Constitution of James Hardie for the giving of notices to shareholders of James Hardie, and the relevant provisions of James Hardie's articles of association apply, with all necessary modification to notices to holders.

8.2 Whenever adjustments are made to:

(a) the Exercise Price;

(b) the entitlement to Ordinary Shares on exercise of Options; or

(c) these Rules,

James Hardie must give notice of the adjustment to each Option holder.

9. SHAREHOLDER APPROVAL

The grant of Options under these Rules is conditional on approval by ordinary resolution at a general meeting of James Hardie as specified in the Executive Service Agreement and as required by the ASX Listing Rules.

10. AMENDMENTS

These Rules may not be varied without the prior consent in writing of James Hardie and the Executive.

11. DUTCH LAW

The Options and other securities under this Plan are not and will not be offered to persons who are resident or domiciled in The Netherlands. This Plan, any offer of Options or other securities under this Plan and each announcement thereof (i) will state that no offer is being made to residents of The Netherlands and (ii) will comply with the laws and regulations of any State where persons to whom the offer is made are resident.

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SCHEDULE A

CALCULATION OF TSR

The TSR for each company in the Peer Group over the Performance Period shall be calculated in accordance with the following procedure:

	Explanation	Example
Step 1	Calculate the average daily closing price of an ordinary share of a company over the 5 days immediately preceding the end of the Performance Period.	Suppose average closing price at end of Performance Period is $9.00.
Step 2	Work out the average daily closing price of an ordinary share of a company over the 5 days immediately preceding the start of the Performance Period.	Suppose average closing price at start of Performance Period is $6.00.
Step 3	Divide the result from Step 1 by the result from Step 2.	9.00 / 6.00 = 1.50
Step 4	Divide each dividend (including all cash payments for capital reductions, special dividends etc) paid on an ordinary share of the same company during the Performance Period by the price of an ordinary share of the same company on the date of payment of the respective dividend. Each of these amounts is the "dividend yield".	YEAR 1: PRICE 6.50, DIVIDEND 12.0 cents, DIVIDEND YIELD 1.8462% YEAR 2: PRICE 7.50, DIVIDEND 12.0 cents, DIVIDEND YIELD 1.6000% YEAR 3: PRICE 8.50, DIVIDEND 12.0 cents, DIVIDEND YIELD 1.4118%
Step 5	Add 1.0 to each of the dividend yields for the Performance Period. Each of these amounts is a result.	YEAR 1: RESULT 1.018462 YEAR 2: RESULT 1.016000 YEAR 3: RESULT 1.014118
Step 6	Multiply each of the results in Step 5 together.	1.018462 x 1.016000 x 1.014118= 1.049365
Step 7	Multiply the result from Step 3 by the result from Step 6.	1.50 x 1.049365 = 1.574048
Step 8	Subtract 1.0 from the result from Step 7.	1.574048 - 1.00 = 0.574048
Step 9	Multiply the result from Step 8 by 100.	0. 574048 x 100 = 57.4048%

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SCHEDULE B

NOTICE OF EXERCISE OF OPTION

APPLICATION FOR SHARES

JAMES HARDIE INDUSTRIES NV

(ACN 000 009 263)

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I/We apply for Ordinary Shares Full Application Money Payable	No. of Shares	Amount Payable $..... $.....

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Please fill in the full Application Money Payable from Section A above	I/We lodge Full Application Money	$	Complete your cheque made out to James Hardie Industries NV for this amount, attach it to this application form and send it to

</TABLE>

Complete full name details for Ordinary Shares

Given name/s | Surname/s | Tax file No or exemption

Applicant

Complete address for Ordinary Shares

No & Street

Suburb or City | State | Postcode

Telephone details

Home | Work | Contact name

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( )	( )

The applicant agrees to be bound by the Constitution of James Hardie Industries NV and the Rules of the Option Plan under which these options are granted.

Signature

Name of applicant

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<DOCUMENT>
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EXHIBIT 4.3

JAMES HARDIE

ECONOMIC PROFIT (EP) AND INDIVIDUAL PERFORMANCE (IP)
INCENTIVE PLANS

The following are the terms of the James Hardie Group Economic Profit (EP) Incentive Plan and Individual Performance (IP) Incentive Plan (the "Plan" or "Plans").

A. INCENTIVE PLANS

1. PURPOSE OF THE INCENTIVE PLANS

The purpose of the EP INCENTIVE PLAN is to provide incentive compensation for nominated executives and employees of James Hardie Industries N.V. (JHINV) and its subsidiary companies, including but not limited to James Hardie Building Products (collectively referred to as the "Company"), which directly relates their financial reward to an increase in shareholder value. The philosophy behind the Plan is that economic value must continue to be created in successive years in order for the full potential Incentive to be paid. Additionally, this Plan has an Individual Performance component that will be paid upon the achievement of specific personal objectives.

The purpose of the IP INCENTIVE PLAN is to provide incentive compensation for nominated employees of the Company who have less direct influence on the Company's economic performance. The IP Plan relates participants' financial rewards to the achievement of specific individual objectives that benefit the Company and indirectly increase EP and shareholder value.

2. DEFINITIONS

- BOARD OF DIRECTORS - JHINV's Supervisory Board of Directors.
- BONUS - The pay the Company may provide to an employee in addition to the agreed base salary. "Bonus" and "Incentive" are used interchangeably throughout this document.
- BONUS BANK - Two thirds of the amount of EP Bonus Realized over the EP Target Bonus in any single year that is credited to each participant for potential payment in the following two Plan Years if Company performance is sustained, and the participant remains eligible for such payments under the terms of the Plan. Participants have no right or interest in the Bonus Bank except as described in this Plan document.
- BASE SALARY - Participant's annual base salary as of the last day of the Plan Year.
- CHANGE IN CONTROL - See attachment 1
- ECONOMIC PROFIT (EP)= Net Operating Profit After Tax (NOPAT) minus Capital Charge
- EP/IP % SPLIT - The percentage of the participant's Target Bonus that is based on the Company's EP achievement (the EP portion) versus the percentage that is based on IP achievement (the IP portion). These percentages vary based on the participant's position with the Company. These two percentages must total 100%.

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- EP BONUS REALIZED - Dollar amount (positive or negative) that is the result of multiplying the EP Bonus Multiple by the dollar amount of the EP portion of the participant's bonus at target. This amount is subject to the bonus banking mechanism and is not paid except as described in this Plan document.

- EP BONUS MULTIPLE - Reflects actual Company performance relative to the Target EP. (A bonus multiple of 1.0 means 100% of the EP portion of the target bonus was realized.) The Multiple will be multiplied by the participant's EP portion of the target bonus in order to determine the amount of the EP Bonus Realized during the year.

- EP TARGET BONUS - The EP portion of the participant's Target Bonus upon applying the EP/IP split.

- EXPECTED IMPROVEMENT (EI) - The amount the Company's EP needs to improve over the previous year in order to attain Target EP.

- GMT- Group Management Team comprised of the Company's CEO and direct reports

- INDIVIDUAL PERFORMANCE (IP) - The participant's performance on the specific objectives agreed to during the Plan Year, how the objectives were achieved and the participant's ranking within the organization as determined by the participant's annual performance review rating.

- INTERVAL - The amount by which actual EP needs to exceed Target EP to increase the EP Bonus Realized by 100%. Additionally, if the actual EP fails to achieve the Target EP by this amount then the EP Bonus Realized will decrease by 100%.

- JH, THE COMPANY - James Hardie Industries N.V. and its subsidiaries

- PERFORMANCE RATING - The A, B+, B, B-, or C rating that each employee receives based on performance and ranking within their organization.

- PLAN YEAR - April 1st to March 31st, the Company's financial year.

- TARGET BONUS - The percentage of the participant's base salary that is available for bonus income. This is set annually for each participant.

- TARGET EP - The Company's actual EP for the prior Plan Year plus the current year's Expected Improvement (EI).

3. ELIGIBILITY

Eligibility for a bonus plan is limited to nominated executives and key employees within the Company. In general, participation in a bonus plan is restricted to those employees in salaried exempt positions who are not on a Commission plan. Note, however, that not all exempt positions are on a bonus plan. Selection of employees for participation in a Plan in any Plan Year will be subject to approval of the Chief Executive Officer on the recommendation by the relevant Group Management Team (GMT) member and the Vice President of Human Resources & Organizational Development.

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Eligibility of executives and key employees for inclusion in a Plan does not guarantee their participation in any future year. Participation of any division/business unit in the Plan will be at the discretion of the Chief Executive Officer.

4. BONUS CALCULATION

The Bonus Calculation is based on two (2) components:

- The individual's performance rating (the IP component).
- The EP performance of the Company (the EP component).

THE IP INCENTIVE PLAN IS BASED SOLELY ON THE IP COMPONENT. THE EP INCENTIVE PLAN UTILIZES BOTH COMPONENTS. THIS IS THE PRIMARY DIFFERENCE BETWEEN THE TWO BONUS PLANS.

A participant's Target Bonus is a percentage of base salary and is approved annually by the VP of Human Resources and Organizational Development.

(A) IP BONUS

The IP bonus component is SOLELY based on the individual's performance rating at the end of the Plan Year and/or when the individual changes roles during the year. The rating is determined by reviewing the individual's achievement of his/her individual objectives, how the objectives were achieved, and the individual's ranking within the organization.

The performance rating must be approved by the two levels of management above the participant prior to the IP bonus being calculated. At the start of each year, the GMT approves the percentage of Target Bonus that each rating pays.

If the Company does not meet its Target EP, the individual still has the ability to earn all of his/her IP award. The total IP Bonus payment to be paid for a Plan Year is calculated as follows:

IP BONUS =	BASE SALARY	X	TARGET BONUS %	X	IP % SPLIT	X	PERFORMANCE RATING %	X	% OF YR IN PLAN

Note: If the participant is solely on the IP Incentive Plan, the IP % Split is 100% and the calculation above is all that is required to determine the final bonus payment.

(B) EP BONUS:

The EP Bonus component is based ENTIRELY on the value created by the Company's EP.

At the start of the Plan Year, the Board confirms the Company's global "Expected Improvement", "Target EP", and "Interval" for the year. The Expected Improvement and Interval have been set for FY04 - FY06 and will be reviewed again during FY06.

The "TARGET EP" is the actual EP for the prior Plan Year plus the current year's EI.

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The "INTERVAL" is the amount by which actual EP needs to exceed Target EP to increase the EP Bonus Realized by 100%. Additionally, if the actual EP fails to achieve the Target EP by the Interval amount then the EP Bonus Realized will decrease by 100%. The Interval is a critical component in determining the EP Bonus Multiple for the year.

At the end of the Plan Year the "EP BONUS MULTIPLE" is calculated to determine the amount the EP component will contribute to the EP Bonus Realized during that year. This Multiple reflects how well the Company performed relative to the EP Target. The EP Multiple is determined as follows:

$$\text{EP MULTIPLE} = 1 + \frac{\text{EP - TARGET EP}}{\text{INTERVAL}}$$

The Plan's EP component has unlimited upside and downside performance potential. In other words, the EP Bonus Multiple can be significantly greater than one or even a negative number.

The EP Multiple is used to calculate the EP BONUS REALIZED.

$$\text{EP BONUS REALIZED} = \text{BASE SALARY} \times \text{TARGET \%} \times \text{EP \% SPLIT} \times \text{EP MULTIPLE} \times \text{\% OF YR IN PLAN}$$

If the Target EP is exactly achieved, then the EP Bonus Realized is equal to 1.0x an individual's EP Target Bonus. If actual EP performance is less than Target EP (resulting in an EP Bonus Multiple of less than 1), then the EP Bonus Realized is less than the individual's EP Target Bonus and may be a negative amount.

Unlike the IP bonus calculation, the EP Bonus Realized, to the extent it exceeds EP Target Bonus, is not considered vested and is not available for potential payment until after the banking mechanism, explained below, is applied.

(C) EP BONUS BANKING MECHANISM

The EP bonus includes a banking mechanism that keeps participants focused on sustaining EP performance.

When the Company exceeds its Target EP in any given year, then the EP Bonus Realized will be greater than 1x an employee's EP Target Bonus. Under such circumstances, 100% of the EP Target Bonus will be considered earned and paid in the Plan Year. Any amounts in excess of the employee's EP Target Bonus will be treated as follows: 1/3 of the excess will be considered earned and paid in the Plan Year; the remaining 2/3 will be credited to the Bonus Bank of the employee and is subject to being paid out equally in the following two Plan Years provided that Company performance is sustained, and the employee continues to meet the eligibility standards set forth herein for additional payments. For example, if an employee's EP Target Bonus for FY04 is $10,000 and the EP Bonus Realized is $40,000, the employee will have earned and will be paid $20,000 [$10,000 + $10,000 (1/3 of $30,000 in excess of EP Target Bonus)]. The remaining $20,000 will be credited to the employee's Bonus Bank and will not be paid or earned unless the Company sustains performance in FY05 and FY06 such that the Bonus Bank is not depleted after the banking mechanism is applied for those years.

Thus, if the EP multiple is greater than 1.0, then the total EP Bonus to be paid for the Plan Year is as follows:

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$$\text{EP BONUS} = \text{Bank Balance scheduled for payment this year} + \text{EP Target Bonus} + \frac{\text{EP Bonus Realized} - \text{EP Target Bonus}}{3}$$

When the Company misses its Target EP in any given year, resulting in an EP Bonus Multiple of less than 1.0, funds are subtracted from the employee's Bonus Bank, if any, in order to fund the employee's EP Target Bonus for that year. The methodology used to fund the bonus from the Bonus Bank in such a situation is as follows:

- When the EP BONUS MULTIPLE FOR THE YEAR IS GREATER THAN 0 BUT LESS THAN 1.0, the participant is paid all of his/her EP Bonus Realized in that year plus the part of any Bonus Bank (if any) scheduled to be paid that year. If the total of these two payments is less than the participant's EP Target Bonus for the year, amounts will be taken from the Bonus Bank payment scheduled for the following year in order to meet the EP Target Bonus; any remaining Bonus Bank will be available for payment in the next Plan Year, provided Company performance is sustained. Participants will not receive their full EP Target Bonus if there is an insufficient Bonus Bank. If all Bank funds are distributed, the participant will start the following bonus year without a Bonus Bank.

- When a participant HAS A BONUS BANK at the start of the bonus year and the EP BONUS MULTIPLE FOR THE YEAR IS LESS THAN 0 (negative), the EP Bonus Realized (which will be a negative number) is deducted from any Bonus Bank. Additionally, the participant's EP Target Bonus for the year will be paid out, to the extent amounts are available, from the Bonus Bank. Amounts will be deducted first from Bonus Bank payments scheduled to be paid in the current year before reducing Bonus Bank payments scheduled for future years. Participants will not receive their full EP Target Bonus if there is an insufficient Bonus Bank. If all Bonus Bank is distributed, the participant will start the following bonus year without a Bonus Bank.

- When a participant DOES NOT HAVE ANY BONUS BANK at the start of the Plan Year and the EP BONUS MULTIPLE FOR THE YEAR IS LESS THAN 0 (negative), the EP Bonus Realized will be a negative number and no EP bonus will be paid. This individual will start the following year without a Bonus Bank, not a negative number and no funds are owed back to the Company.

The amounts in a participant's Bonus Bank represent nothing more than potential payments to the participant in the future. These amounts are neither earned nor vested until actual Bonus Bank payments are made in accordance with the terms of this Plan. Participants have no legal rights to Bonus Bank until the banking mechanism is applied for the Plan Year in which funds are scheduled to be paid.

5. BONUS PAYMENT

All bonus payments, less applicable withholdings, will be made on or before the end of the third month following the end of the relevant Plan Year. Participants must be employed at the end of the Plan Year in order to receive any bonus, unless one of the exceptions described in Section B(6), B(7), B(11) or B(12) applies.

B. ADMINISTRATION OF THE PLAN

1. DETERMINATION OF INDIVIDUAL BONUS

(a) Each financial year, the GMT will approve the participant list, the Target Bonus levels and EP/IP splits for each participant in the Plan.

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(b) Individual Target Bonuses shall be calculated based on the Base salary for the participant at the end of the Plan Year.

2. DETERMINATION OF OBJECTIVES

(a) Target EP

Target EP and Intervals must be finalized by the Board of Directors at the beginning of the Plan Year.

(b) IP Objectives

IP Objectives for participants, other than GMT members, shall be approved by the next two levels of management. Individual objectives for GMT members will be approved by the Board of Directors.

3. PARTICIPANT MATTERS

The Board of Directors (or designee) shall, in its sole discretion and on behalf of the Company, determine all Plan matters with respect to all participants.

4. NEW EMPLOYEES AND PROMOTIONS INTO THE PLAN

New employees or employees promoted during a Plan Year may be offered participation in a Plan. Their eligibility for bonuses will be calculated on a pro rated basis in the year of entry. This will be approved by the relevant GMT member and the Vice President of Human Resources/OD.

A minimum qualifying period of 3 months of Company employment during a Plan Year shall apply unless waived by the Chief Executive Officer (or designee). The qualifying period shall be included for purposes of bonus calculation.

5. TRANSFERS AND PROMOTIONS

The bonus for a participant who is transferred or promoted will be calculated in multiple parts, all using the base salary at Plan Year end. The bonus for each position will be calculated using the bonus target and performance rating for the part of the year the participant was in each position, unless designated otherwise in a written transfer agreement.

6. RETIREMENT, DISABILITY OR DEATH

If during a Plan Year a participant retires(1), becomes totally and permanently incapacitated(2) or dies, such participant or their family or designee or estate shall receive the full amount of any positive bank balance, after any shortfall in EP Bonus Realized (pro-rated with respect for the year in which the participant retires, becomes totally and permanently incapacitated or dies) has been deducted from the Bank.

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(1) At age 65 or such other date as the Board of Directors (or designee) approves in particular circumstances.

(2) Suffers from a mental or physical condition which is expected to last at least 12 months or result in death, and which, in the opinion of a licensed physician, will prevent the employee from engaging in any substantial or gainful employment.

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The payment under the EP Plan will be made by the end of the third month following the relevant Plan Year. Payment for participants solely on the IP Plan will be paid at time of their retirement, death or confirmation of total and permanent incapacity.

In the event of a SHORT-TERM DISABILITY OR LEAVE OF ABSENCE (paid or unpaid), a participant may be eligible for a full or pro-rated bonus. Any bonus will include the first three months of leave as time worked when calculating the eligible base salary. For example, if a participant is on approved leave for 2 months of the Plan Year, their bonus will be calculated using their full year's base salary. If a participant is on approved leave for 4 months of the Plan Year, their base salary will be prorated and 11 months will be used to calculate their bonus at year-end. If a year-end performance rating is not available (due to the leave) the IP bonus will utilize the last review rating on record.

7. JOB ELIMINATIONS

A participant, whose employment is terminated as a result of the elimination of the participant's position, must have participated in the Bonus Plan for at least 1 month during the Plan Year and be employed by the Company for at least three months in order to be eligible for a prorated bonus for the Plan Year. The prorated bonus will be based on the period served, the EP Bonus Multiple as calculated at year end, the participant's bank balance, and the participant's most recent performance rating.

With respect to the EP portion of the individual's Target Bonus, if the EP Bonus Multiple is greater than or equal to 1.0, the participant will receive the prorated EP Target Bonus, 1/3 of the pro-rated EP Bonus Realized over the prorated EP Target Bonus, and the bank balance scheduled to be paid for that Plan Year. There will be no payout of any remaining bank balance.

Where the EP Bonus Multiple is between 0 and 1.0, the participant will receive an amount up to the prorated EP Target Bonus, provided such funds are available from the prorated EP Bonus Realized, the existing bank balance, plus the remaining bank balance scheduled to be paid for that Plan Year (after funds to make up the prorated EP Target Bonus shortfall are deducted). There will be no payout of any remaining bank balance.

If the EP Bonus Multiple is less than 0, the negative amount of the prorated EP Bonus Realized will be deducted first from any bank balance due to be paid in the current Plan Year and, if additional amounts are still needed to offset the negative, then secondly from the following year's bank. If there is any amount remaining in the bank, the participant's prorated EP Target Bonus will be paid from that remaining bank balance. If any bank balance scheduled for payment in the current Plan Year is still available after the above deductions are made, it will be paid. There will be no payout from any remaining bank balance. If the negative EP Bonus Realized is more than the total bank balance, no EP bonus will be paid and no negative balances will be owed back to the Company.

A pro rated payment for any EP Plan bonus in the year in which the job elimination occurs shall be made at the time when EP Plan bonus payments normally are made. Bonuses due to employees who are solely on the IP Plan, shall be paid at time of departure.

8. DISCONTINUED PARTICIPATION IN PLAN

Where an employee has participated in the Plan in previous years, but in the current Plan Year their participation is discontinued and they have a positive bank balance, then they shall be paid a pro-rated Target EP bonus for the period of participation in the Plan, utilizing the EP Bonus Multiple earned for that year and the payment from

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the bank scheduled for that year. Any bonus for time served while exclusively on the IP Plan will be calculated by using the performance rating received while on the Plan and the end of year salary unless otherwise specified in transfer documents.

Any remaining bank balance will be paid equally over 2 years at the regular time bonuses are paid provided Company performance is sustained and the participant remains eligible for such payments under the terms of the Plan. If Company performance is not sustained (i.e., EP Bonus Multiples are less than 1.0), existing bank balances will be reduced, using the same methodology as if the participant remained on the EP plan. A pro rata payment for any bonus in the year in which the discontinuation of plan participation occurs shall be made at the regular time when bonus payments are made for that Plan Year.

9. TERMINATION AT THE INITIATIVE OF THE COMPANY (EXCLUDING JOB ELIMINATIONS)

Participants shall not be entitled to any bonus (including a pro-rated bonus) or bonus bank in the event that they are terminated by the Company prior to the end of the Plan Year (March 31) for reasons other than job elimination or divestment (see section 11 below).

10. RESIGNATION

If a participant resigns prior to the end of the Plan Year (March 31), the participant shall not be entitled to any bonus (including a pro-rated bonus) or payment of any bonus bank balance for the Plan Year in which the resignation occurs. If a participant resigns after the end of the Plan Year but before the bonus is paid, the participant is eligible to receive his/her bonus only for the Plan Year that just ended. There will be no payout of any remaining bank balance that otherwise potentially would be paid out in subsequent years.

11. DIVESTMENTS

If a participant's employment is terminated as a result of the sale of a business unit, entity, or subsidiary of James Hardie Industries N.V. during the Plan Year, then the IP bonus will be determined using the participant's base salary at the time of divestment, and the participant's most recent performance rating. The final EP bonus calculation will be determined at the end of the Plan Year, and the bonus banking mechanism will be utilized. There will be no payments of any remaining bank balance that otherwise potentially would be paid out in subsequent years

The pro-rata payment for EP Plan bonus in the year in which the business divestment occurs shall be made at the regular time when EP Plan bonus payments are made. Bonuses due to employees solely on the IP Plan shall be paid at time of the termination resulting from divestment.

12. CHANGE IN CONTROL

If during a Plan Year there is a change in control (see Attachment 1) of James Hardie Industries N.V., and the Plan is thereafter discontinued, participants will receive a prorated bonus for the Plan Year plus the full amount of any positive bank balance after any negative bonus (prorated for the Plan Year in which the Plan is discontinued) has been deducted from the Bank. This payment will be made within 90 days of the Plan's discontinuation.

13. POST-EMPLOYMENT MISCONDUCT

Notwithstanding any other provision of the Plan or any other agreement, in the event

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that a Participant's post-employment conduct breaches any agreement (including, but not limited to, confidentiality and/or non-competition agreements), he or she shall not be entitled to any pro rated bonus or any bonus bank payment for which he or she otherwise would be eligible under this Plan.

14. NO GUARANTEE

Nothing in this Plan is intended to alter the at will status of the Company's employees. Participation in the Plan is no guarantee that a bonus under the Plan will be paid. The success of the Company, its business units and individual employees, as measured by the achievement of EP and Individual Performance (IP), shall determine the extent to which participants shall be entitled to receive bonuses.

Nothing in the terms and conditions of the Plan shall prevent the Company from canceling or amending the Plan at any time.

In the event the Company decides to cancel the Plan, participants will receive the pro-rated bonus for the Plan Year plus the full amount of any positive bank balance, after any negative earned bonus (pro-rated for the Plan Year in which the Plan is discontinued) has been deducted from the Bank. This payment will be made within 90 days of the Plan's cancellation.

15. GENERAL PROVISIONS

(a) Withholding of Taxes

The Company shall have the right to withhold taxes and other amounts, which, in the opinion of the Company, are required to be withheld by law with respect to any amount due or paid to participants under the Plan.

(b) Expenses

All expenses and costs in connection with the adoption and administration of the Plan shall be borne by the Company.

(c) Limitation on Rights

Except as expressly granted pursuant to the Plan, nothing in the Plan shall be deemed to give any employee any contractual or other right to participate in the benefits of the Plan. No award to any such participant in any Plan Year shall be deemed to create a right to receive any award or to participate in the benefits of the Plan in any subsequent Plan Year.

16. LIMITATIONS

(a) No Right to Continued Employment

Neither the establishment of the Plan nor the payment of a bonus under it shall be deemed to constitute an express or implied contract of employment for any participant for any period of time or in any way abridge the rights of the Company to determine the terms and conditions of employment or to terminate the employment of any employee in accordance with law.

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(b) No Vested Rights

Except as expressly provided herein, no employee or other person shall have any claim of right (legal, equitable, or otherwise) to any bonus or bonus Bank. No officer or employee of the Company or any other person shall have any authority to make representations or agreements to the contrary. No interest conferred herein to a participant shall be assignable.

(c) Not Part of Other Benefits

The benefits provided in this Plan shall not be deemed a part of any other benefit provided by Company to its employees.

(d) Other Plans

Nothing contained in the Plan shall limit the Company's power to grant non-Plan bonuses to employees of Company, whether or not they are participants in this Plan.

(e) No Interest

Under no circumstances will interest accrue on any bonus Bank or other amounts potentially payable to any participant.

17. EXCLUSION OF BONUSES FROM BENEFIT CALCULATIONS

Bonuses shall be excluded from an employee's compensation for the purpose of calculating other aspects of the employee's personal benefit and compensation packages, such as, for example, superannuation, contribution levels to 401k, leave entitlements and vehicle entitlements.

Bonuses shall also be excluded from an employee's compensation for the purpose of calculating any form of severance or separation due to the employee under applicable law, policy or contract.

18. UNFUNDED PLAN

This Plan is unfunded. Nothing in the Plan shall create or be deemed to create a trust or separate fund of any kind, or a fiduciary relationship between the Company (or any of its subsidiaries) and any participant.

19. AUTHORITY OF THE BOARD OF DIRECTORS

Full power and authority to interpret and administer this Plan shall be vested in the Board of Directors, which shall have the sole authority to create or alter terms for the Plan. The Board of Directors may from time to time make such decisions and adopt such terms for implementing the Plan as it deems appropriate for the Plan or any participant under the Plan. Any decision taken by the Board of Directors arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be final, conclusive and binding upon all participants and any person claiming under or through them. The Board of Directors may delegate its power with respect to the Plan from time to time as it so determines.

20. ALTERATIONS TO PLAN

The Board of Directors may at any time by resolution revoke, add to or vary any of the provisions of the Plan or all or any of the rights or obligations of the Participants in connection with the plan.

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21. PLAN TERMS

In all cases the terms as set forth in the Plan document shall take precedence over any other document issued in connection with the Plan.

22. ARBITRATION

All claims, disputes, questions, or controversies arising out of or relating to this Plan, will be resolved exclusively in final and binding arbitration in accordance with the Arbitration Rules and Procedures, or successor rules then in effect, of Judicial Arbitration & Mediation Services, Inc. ("JAMS"). The arbitration will be conducted and administered in Orange County, California by JAMS or, in the event JAMS is not available or does not then conduct arbitration proceedings, a similarly reputable arbitration administrator. The employee and the Company will select a mutually acceptable, neutral arbitrator from among the JAMS panel of arbitrators. Except as provided by this Agreement, the Federal Arbitration Act will govern the administration of the arbitration proceedings. The arbitrator will apply the substantive law (and the law of remedies, if applicable) of the State of California, or federal law, as applicable, and the arbitrator is without jurisdiction to apply any different substantive law. The employee and the Company will each be allowed to engage in adequate discovery, the scope of which will be determined by the arbitrator consistent with the nature of the claim[s] in dispute. The arbitrator will have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and will apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator will render a written award and supporting opinion that will set forth the arbitrator's findings of fact and conclusions of law. Judgment upon the award may be entered in any court of competent jurisdiction. The Company will pay the arbitrator's fees, as well as all administrative fees, associated with the arbitration. Each party will be responsible for paying its own attorneys' fees and costs (including expert witness fees and costs, if any).

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ATTACHMENT 1
ECONOMIC PROFIT (EP) AND INDIVIDUAL PERFORMANCE (IP)
INCENTIVE PLANS

"CHANGE IN CONTROL" means the following and shall be deemed to occur if any of the following events occurs:

(i) Any Person becomes the beneficial owner (within the meaning of applicable securities laws) of 30% or more of either the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or

(ii) Individuals who, as of the Effective Date hereof, constitute the Board (the "INCUMBENT BOARD"), cease for any reason to constitute at least a majority of the Board, provided that any individual who becomes a member of the Board after the effective date hereof whose election, or nomination for election by the Company's shareholders, is approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered to be a member of the Incumbent Board unless that individual was nominated or elected by any person, entity or group (as defined above) having the power to exercise, through beneficial ownership, voting agreement and/or proxy, twenty percent (20%) or more of either the outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors, in which case that individual shall not be considered to be a member of the Incumbent Board unless such individual's election or nomination for election by the Company's shareholders is approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board; or

(iii) Consummation by the Company of the sale or other disposition by the Company of all or substantially all of the Company's assets or a Reorganization of the Company with any other person, corporation or other entity, other than a

(A) Reorganization that would result in the voting securities of the Company outstanding immediately prior thereto (or, in the case of a Reorganization that is preceded or accomplished by an acquisition or series of related acquisitions by any Person, by tender or exchange offer or otherwise, of voting securities representing 5% or more of the combined voting power of all securities of the Company, immediately prior to such acquisition or the first acquisition in such series of acquisitions) continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such Reorganization (or series of related transactions involving such a Reorganization), or

(B) Reorganization effected to implement a re-capitalization or re-incorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor; or

(iv) Resolution of the shareholders of the Company or a court order of the competent Dutch court to liquidate the Company or the liquidation of the Company on any other ground for liquidation pursuant to applicable law.

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JHI NV STOCK APPRECIATION RIGHTS INCENTIVE PLAN

EFFECTIVE DATE: DECEMBER 1, 2004

ARTICLE I
PURPOSE OF THE PLAN

1.1 The purpose of this Stock Appreciation Rights Incentive Plan (this "Plan") is to provide an incentive to, and a reward for, certain key employees of James Hardie Industries N.V. and its affiliated entities (the "Company"), by granting to such key employees (subject to all the terms and provisions of this Plan) an opportunity to receive compensation based on the growth and profitability of the Company, as such growth and profitability are measured by the price of the stock of James Hardie Industries N.V. ("JHI NV").

1.2 It is expressly understood that neither the adoption of this Plan nor the granting of any Stock Appreciation Rights hereunder shall be construed as entitling any employee to any continued employment rights or to the rights of a stockholder in the Company, or to receive actual shares of common or other stock of the Company. As used in this Plan, the term "Stock Appreciation Right" or "SAR" refers to a dollar value calculated in accordance with Section 3.2 below and does not and shall not mean any stock, shares or equity in the Company. It is the intention of the Company only to adopt a Plan that is tied to the Company's performance. This Plan does not alter in any other respect the relationship between the Company and the selected key employees, the intention of the Company being at all times to maintain the relationship of employer/employee.

ARTICLE II
TERM OF THE PLAN

2.1 This Plan shall remain in force and effect until terminated by the Remuneration Committee of the Joint Board of Directors of JHI NV (the "Committee"). The Company retains the right, in its sole discretion, to terminate the Plan at any time, with or without notice, and with or without cause. No employee, officer, director or agent shall rely on the Company to maintain or continue the Plan and the Company shall incur no liability or obligation if it terminates the Plan other than that expressly provided for herein.

ARTICLE III
ADMINISTRATION OF THE PLAN

3.1 This Plan shall be administered by the Committee. The Committee shall have full power, authority and responsibility to administer this Plan, to select from time to time, at its sole discretion, the employees to whom SARs are issued, to determine the number of SARs to issue, to interpret, construe and implement all of the provisions of this Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for administering the Plan.

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3.2 All decisions by the Committee shall be by majority vote and, when so made, shall be binding upon the Company and all affected employees. After making a determination regarding the issuance of SARs, the Committee shall direct the Company to make a record of such issuance for each employee to whom SARs are issued. The record shall memorialize: (i) the date such SARs were issued (the "Issue Date"); (ii) the closing price of the common stock of JHI NV on the Issue Date (as reported as the closing price of JHI NV's CUFs on the Australian Stock Exchange on the Issue Date) (the "Issue Price"); (iii) the vesting date and/or vesting schedule of such SARs; and (iv) the date such SARs are due to mature. On the Maturity Date (as hereafter defined), the Company shall distribute to the employee in cash the net value of the positive difference between the Issue Price and the closing price of the common stock of JHI NV on the Maturity Date (as reported as the closing price of JHI NV's CUFS on the Australian Stock Exchange on such date) (the "Maturity Date Value"). The Company shall provide to each employee who has been issued SARs a yearly statement reflecting the foregoing.

3.3 It is understood that the Company does not warrant, represent, or in any way guarantee that any SAR will have a positive value on the Maturity Date. However, if the value of a SAR on the Maturity Date is negative, the employee shall not be liable to the Company for the negative value. In no event shall the recipient of a SAR be entitled to receive any actual shares of stock of the Company by virtue of the terms of this Plan, unless the terms of the Plan are specifically amended to provide therefor, or as otherwise provided herein.

3.4 The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company. No member or former member of the Committee or the Board of Directors of the Company shall be liable for any action or determination made in good faith with respect to the Plan or any benefits conferred under the Plan.

ARTICLE IV
ELIGIBLE RECIPIENTS OF SARs

4.1 No person shall be entitled to receive SARs under the terms of this Plan unless such person (a) is an employee of the Company at the time such SARs are issued and (b) has been determined by the Committee, in its sole discretion, to be a key employee of the Company. The Committee's determination of key employees may change from year to year. The award of SARs to an employee in any given year shall not constitute an assurance to the employee that he or she will be considered to be a key employee or will receive any SARs in any other year.

ARTICLE V
BENEFICIARY DESIGNATION

5.1 At the time that the Committee issues a SAR to an employee, such employee shall also be requested to designate a person(s) or entity(ies) (collectively, the "Beneficiary") to whom the benefits due hereunder, if any, are to be paid upon the death of such employee. Such designation shall be in such form as may be prescribed by the Committee and may be revoked and amended from time to time by the employee during the lifetime of the employee in such

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manner and on such form as may be prescribed by the Committee. In the event an employee dies without having a Beneficiary designation or in the event no designated Beneficiary is alive or in being at the time of employee's death, all payments due hereunder upon the death of such employee shall be paid to whichever of the following classes of beneficiaries is in existence (in the order of preference listed): (a) spouse; (b) children, per stirpes; (c) the legal representative of the probate estate of such deceased employee; (d) parents; or (e) brothers and sisters. If there are no beneficiaries in any of those listed classes remaining alive or in being at the time of the employee's death, then the employee's SARs, as well as all payments which may be due thereunder upon the death of the employee, shall revert back to the Company.

ARTICLE VI
PAYMENTS UPON MATURITY

6.1 Vesting Schedule. Subject to the following, and unless specified otherwise in an employment or other agreement between the Company and a recipient hereunder.

(a) An employee's SAR shall vest only if such employee is employed with the Company on the vesting date and has been continuously employed by the Company from the Issue Date to the vesting date.

(b) In the event that an employee's employment with the Company is terminated, the following rules shall apply:

(i) Voluntary Resignation: All unvested SARs will terminate as of any employee's last day of employment. With respect to non-U.S. employees only, if a non-U.S. employee voluntarily terminates his or her employment, the employee will have 90 days to designate the Maturity Date for all SARs that are vested as of his or her final day of employment.

(ii) Redundancy/Lay-Off: If the Company terminates any employee without cause for reasons of redundancy, all SARs that would vest between the termination date and December 31 of that year will become vested on the employee's last day of employment. All remaining unvested SARs will terminate as of the employee's last day of employment. With respect to non-U.S. employees only, if the Company terminates such employee without cause for reasons of redundancy, such non-U.S. employee will have 90 days to designate the Maturity Date for all of his or her vested SARs.

(iii) Involuntary Termination Without Cause: All unvested SARs will terminate as of any employee's last day of employment. With respect to non-U.S. employees only, if the Company terminates a non-U.S. employee without cause and not for reasons of redundancy, such non-U.S. employee will have 90 days to designate the Maturity Date for all SARs that are vested as of the final day of employment.

(iv) Termination For Cause: If the Company terminates any employee with cause, then all of such employee's rights to SARs, whether vested or unvested, shall be forfeited as if such SARs had never been issued, and neither the employee nor the employee's Beneficiary shall have any further claim with respect thereto.

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6.2 Maturity Date.

(a) For employees based in the United States ("U.S. employees"), tax legislation requires SARs to mature, and employees to be paid, in accordance with Sections 6.3 through 6.5 hereof, and, subject to the conditions set forth in Section 6.1 above, on the date that a SAR vests (such vesting date being the "U.S. Maturity Date").

(b) For employees governed by tax law outside the United States, if allowed by their respective tax authority, the employee will designate a date (the "Non-U.S. Maturity Date") on or after the date that the SARs vest. Such date shall be during the Company's open trading window (as designated by the Company's Insider Trading Policy). However, the Maturity Date must be no more than ten (10) years after the Issue Date.

(c) As used herein the U.S. Maturity Date and the Non-U.S. Maturity Date are collectively referred to as the "Maturity Date." Whether such term means, in any given context, the U.S. Maturity Date or the Non-U.S. Maturity Date shall be dicated by whether the employee holding the SAR is a U.S. employee or a non-U.S. employee.

6.3 Payment. Within thirty (30) days after the Maturity Date, the Company shall pay, in the manner set forth in Section 6.5, to the employee an amount equal to the positive difference, if any, between the Issue Price and the Maturity Date Value. Upon vesting and maturity, payment under this paragraph terminates any and all rights the employee has in the particular SAR for which payment is made.

6.4 Adjustments To Shares. If, after the Issue Date, the number and/or price of outstanding shares of the Company's common stock is adjusted, either positively or negatively, by stock split, combination of shares or other similar capital adjustment, the number and/or price of SARs be adjusted either positively or negatively in a corresponding manner. SARs issued pursuant to this Plan shall not be entitled to adjustments or credits for dividends paid on the actual shares of the stock of JHI NV.

6.5 Manner Of Payment. The amount to which an employee or Beneficiary is entitled hereunder shall be paid in a lump sum. Payment shall be made only if permitted under the statutes, laws, and regulations which may govern payment from this Plan. Payment shall be made from the general assets of the Company, but only if the Company has the legal capacity to make such payment. The employee's rights under this Plan are no greater than those of an unsecured creditor.

ARTICLE VII
LIQUIDATION, MERGER OR SALE

7.1 All SARs shall automatically and instantaneously vest and mature if:

(a) the stockholders of the Company have adopted a plan of complete liquidation (other than such a plan which is a part of a plan of reorganization referred to in the following clause (b)); or

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(b) the Company have effectuated a merger, consolidation or other transaction constituting a reorganization with another corporation pursuant to which the Company's shares of common stock will be surrendered in exchange for the stock of another corporation (the "Surviving Corporation") without provision being made in the agreement of reorganization for the continuation of this Plan or a functionally equivalent plan.

7.2 In the event that a majority owned subsidiary of the Company is sold without provision being made in the purchase agreement for the continuation of this Plan or a functionally equivalent plan, all employees of that subsidiary who have been issued SARs hereunder and do not after the closing of such sale continue in the employ of the Company, shall be entitled to payment in the amount and in the manner determined under Article VI hereof.

7.3 For purposes of Article VII, a provision in an agreement of merger, consolidation or other transaction as set forth above will be considered a provision "for the continuation of this Plan or a functionally equivalent plan," and each employee issued SARs hereunder will be bound thereby, if such provision specifies that the Surviving Corporation or buyer will adopt this Plan or some functionally equivalent plan, and that all SARs issued under this Plan will automatically be converted into SARs, stock options, or other reasonably equivalent equity incentive of such Surviving Corporation on a basis equivalent to the basis that the shares of the Company's common stock are converted and that in all other respects the rights of each employee in the SARs issued to such employee will continue in accordance with the terms hereof or of such functionally equivalent plan except that the phrase "the Company" will mean and refer to the Surviving Corporation from and after the effective date of such merger, consolidation or other transaction.

ARTICLE VIII
AMENDMENT OF THE PLAN

8.1 This Plan may be amended at any time, or from time to time, by the Committee, but no such amendment shall substantially impair the value of any SAR then held by any recipient without the written consent of such recipient.

ARTICLE IX
TERMINATION OR SUSPENSION OF THE PLAN

9.1 The Board of Directors of the Company or the Committee may at any time and for any or no reason suspend or terminate the Plan in whole or in part. The Plan, unless sooner terminated pursuant to the provisions set forth herein, shall terminate at the close of business on the date that the Board of Directors or the Committee decide to terminate the Plan. No SARs shall be granted while the Plan is suspended or after it is terminated. SARs granted while the Plan is in effect shall not be substantially altered or impaired without the written consent of the holder of such SAR. The power of the Committee under the terms of this Plan to construe and administer the Plan shall continue after any termination or suspension.

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ARTICLE X
MISCELLANEOUS

10.1 No holder of any SAR, nor his or her Beneficiary, shall have the right to pledge, hypothecate, mortgage, sell, assign, or transfer any of the rights hereunder. Any attempt to do any of the aforementioned shall be null and void.

10.2 Whenever under this Plan any payments are to be made in cash, such payments may be net of any amount sufficient to satisfy federal, state and local withholding and other tax requirements as well as any amounts otherwise owed by the recipient to the Company. The Company makes no representation or guarantee regarding the tax consequences of an employee's participation in the Plan. Each employee should consult with professional tax advisors to determine the tax consequences of his or her participation. Each employee participating in this Plan is responsible for all federal, state, or other taxes assessed on the benefits under this Plan. The Company reserves the right to require that benefits paid to employees pursuant to the terms of this Plan be made subject to withholding of funds for tax purposes.

10.3 No holder of any SAR nor his or her Beneficiary shall have any rights, privileges or obligations with respect to any SAR issued hereunder except as such rights, privileges or obligations are set forth in this Plan.

10.4 Neither the establishment of this Plan, nor any modification or amendment to the Plan, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving any employee or other person any legal or equitable right against the Company except as specifically provided in the Plan. In no event shall the terms of employment of any key employee be modified or in any way be affected by the Plan, and will not alter or effect such employees' at-will status or the employees' employment contract, as the case may be.

10.5 This Plan will be governed by, construed and enforced in accordance with the laws of the State of California, without regard to conflicts of laws doctrines.

10.6 Except as otherwise expressly provided in this Plan, all legal, accounting and other fees, costs and expenses incurred in connection with this Plan will be paid by the party incurring such fees, costs and expenses.

10.7 All actions or proceedings arising in connection with this Plan shall be tried and litigated in the state or federal courts located in the County of Orange, State of California. The foregoing choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Plan in any jurisdiction other than that specified in this Section 10.7. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this Section 10.7, and stipulates that the state and federal courts located in the County of Orange, State of California shall have in personam jurisdiction over each of them for the purpose of litigating any such dispute, controversy or proceeding. Each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this Section 10.7 by registered or certified mail, return receipt requested, postage prepaid, to its

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address for the giving of notices as set forth in the Company's books and records. Nothing herein shall affect the right of any party to serve process in any other manner permitted by law.

10.8 Titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Plan or any other provision hereof.

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STOCK APPRECIATION RIGHTS INCENTIVE PLAN
ACCEPTANCE ACKNOWLEDGEMENT FORM

I ACCEPT AND AGREE TO ABIDE BY THE TERMS OF THE PLAN AS SET FORTH IN THIS DOCUMENT. I UNDERSTAND AND ACKNOWLEDGE THAT MY PARTICIPATION IN THE PLAN DOES NOT ENTITLE ME TO DEMAND OR RECEIVE ANY SHARES, STOCK OR EQUITY IN JAMES HARDIE INDUSTRIES N.V. OR ANY OF ITS AFFILIATE OR SUBSIDIARY COMPANIES. I UNDERSTAND AND ACKNOWLEDGE THAT MY PARTICIPATION IN THE PLAN WILL NOT ALTER MY EMPLOYMENT RELATIONSHIP IN ANY WAY.

Participating Employee:

_____
Print Name

_____
Signature

Date: _____

(Sign, date and return this
form to Cathy McCutcheon
in Mission Viejo, CA)
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EXHIBIT 4.5

Allens Arthur Robinson

JAMES HARDIE INDUSTRIES NV
ARBN 097 829 895
Incorporated in The Netherlands with corporate seat in Amsterdam.
The liability of members is limited.

SUPERVISORY BOARD SHARE PLAN (SBSP)

TERMS AND CONDITIONS

1. DEFINITIONS

1.1 In the SBSP unless the context otherwise requires:

ADDITIONAL SECURITIES means Shares, which may be held in the form of CUFS, allotted to a Participant in accordance with clause 5;

ANNUAL GENERAL MEETING means an annual general meeting of Shareholders;

ASX means Australian Stock Exchange Limited;

BUSINESS DAY has the same meaning as given in the Listing Rules;

CHANGE IN CONTROL means:

(a) a person obtains Voting Power in James Hardie of at least 30% pursuant to a takeover bid for all or a proportion of all the voting shares of James Hardie which is or becomes unconditional;

(b) a scheme of arrangement or other merger proposal in relation to James Hardie becomes binding on the holders of all of the voting shares of James Hardie and by reason of such scheme or proposal a person obtains Voting Power in James Hardie of at least 30%; or

(c) a person becomes beneficial owner of at least 30% of the voting shares of James Hardie on issue other than under (a) or (b);

COMPANY means James Hardie Industries N.V., with corporate seat at Amsterdam, The Netherlands;

CUFS means CHESS Units of Foreign Security in respect of a Share;

DIRECTOR means a member of the Supervisory Board of the Company;

ESCROW PERIOD means the earlier of 24 months from the date of issue of the Restricted Security and the occurrence of a Change in Control;

HOLDING LOCK has the same meaning as given in the Listing Rules;

ISSUE PRICE means the price at which Shares are issued in accordance with the provisions of clause 3.2;

LISTING RULES means the listing rules of ASX;

MANAGING BOARD means the managing board of the Company;

MARKET PRICE means the amount equal to the average last traded price at which the Shares were traded on the ASX during the 5 Business Day period before the day the Shares are issues to the relevant Director;

MAXIMUM ADDITIONAL AMOUNT means the amount equal to the annual fee payable to the Director for the then current financial year less US$10,000;

PARTICIPANT means a Director who is eligible to participate in the SBSP under clause 2;

REQUEST FORM means a form lodged by a Participant for the purposes of clause 5, in such form as is acceptable to the Company;

RESTRICTED SECURITIES means Shares allotted by the Company pursuant to the SBSP that may be held in the form of CUFS and will be subject to an Escrow Period;

SHARE means an (ordinary) share in the capital of the Company;

SHAREHOLDERS means holders of Shares;

SBSP means the Supervisory Board Share Plan established under this document as amended from time to time; and

VOTING POWER has the same meaning as is given to the term in the Corporations Act 2001.

1.2 Words denoting the singular number only shall include the plural number and vice versa.

1.3 Headings have been inserted for ease of reference only and shall not affect the interpretation of the SBSP.

2. ELIGIBILITY

Participation in the SBSP is limited to Directors, as approved by Shareholders from time to time to the extent required by law, the Articles of Association of the Company or the Listing Rules.

3. ISSUE OF SHARES

3.1 TIMING AND NUMBER OF SHARES

Within 10 Business Days after the issue by the Company of its first quarter financial results following each Annual General Meeting, the Company shall:

(a) issue to each Participant the number of Restricted Securities equivalent to the cash amount of US$10,000 less any amount of withholding or similar tax payable by the Company; and

(b) issue to each Participant the number of Additional Securities equal to the amount nominated by the Participant up to the Maximum Additional Amount less any amount of withholding or similar tax payable by the Company.

The issues made to a Participant under this SBSP shall be made instead of the fees that would otherwise be payable to that Participant.

3.2 ISSUE PRICE

Restricted Securities and Additional Securities issued pursuant to clause 3.1 will be issued at the Market Price.

3.3 ISSUE ON IDENTICAL TERMS

The issue of Restricted Securities and Additional Securities to all Participants shall be made on identical terms.

3.4 FRACTIONS OF SHARE

Where any calculation or adjustment made under these Rules produces a fraction of a cent or a Share, the fraction must be eliminated by rounding to the nearest whole number favourable to the Participant.

3.5 CERTIFICATE OF CONFIRMATION

Upon issue of the Restricted Securities or Additional Securities, the Company shall provide the Participant with a certificate of confirmation that the Restricted Securities or Additional Securities have been issued.

4. ESCROW RESTRICTIONS

4.1 NO DISPOSAL

During the Escrow Period, the Participant shall not be permitted to do any of the following:

(a) dispose of, or agree or offer to dispose of, the Restricted Securities;

(b) create, or agree or offer to create, any security interest in the Restricted Securities; or

(c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Restricted Securities.

4.2 DEPOSIT OF CERTIFICATES

The Participant will deposit the certificate of confirmation for the Restricted Securities received from the Company in accordance with clause 3.5 with the Company for the Escrow Period.

4.3 HOLDING LOCK

The Company may place a Holding Lock on the Restricted Securities until the expiry of the Escrow Period.

5. ISSUE OF ADDITIONAL SECURITIES

5.1 ELECTION BY PARTICIPANT

(a) A Participant may elect to receive up to the Maximum Additional Amount of their annual cash remuneration from the Company with the allotment of Additional Securities under the SBSP, subject to the Participant being satisfied that he/she does not hold share price sensitive information about the Company at the time of the election.

(b) Where the Participant is unable to make an election under paragraph (b) above because he/she holds share price sensitive information, the Participant shall be entitled to make the election at such later time when he/she becomes able to do so and the Company shall issue the relevant number of Additional Securities at that time.

5.2 TERMS OF ISSUE

Additional Securities issued in accordance with clause 5.1 shall be issued on the same terms as those specified in clause 3 for Restricted Securities, except that clause 4 will not apply to the Additional Securities.

5.3 METHOD OF ELECTING

Participants electing to receive Additional Securities shall note the United States dollar value of the cash remuneration they wish to receive in Additional Securities on a Request Form and provide that Request Form to the Company not less than 5 Business Days before the date referred to in clause 3.1.

5.4 COMPANY TO KEEP RECORDS

The Company shall maintain records of any election by a Participant under clause 5.1, and shall reduce the Maximum Additional Amount payable to the Participant in accordance with such election.

6. SHARES ALLOTTED UNDER THE SBSP

Shares allotted under the SBSP will rank equally in all respects with existing fully paid ordinary shares of the Company.

7. COSTS TO PARTICIPANTS

No brokerage, commissions, stamp duty or other transaction costs will be payable by a Participant in respect of the SBSP.

8. STOCK EXCHANGE LISTING

Subject to any Holding Lock arrangements effected under clause 4.3, the Company will apply promptly for the CUFS issued in respect of the Shares allotted under the SBSP to be listed for quotation on the official list of ASX and such other official exchange or exchanges as may from time to time have accepted the CUFS or the Shares in the Company for listing.

9. TAXATION

The Company takes no responsibility for any taxation liabilities of participants in the SBSP.

10. ADMINISTRATION OF THE SBSP

The SBSP will be administered by the Managing Board who have the power to:

(a) determine appropriate procedures for administration of the SBSP consistent with the provisions of these terms and conditions;

(b) resolve conclusively all questions of fact or interpretation in connection with the SBSP; and

(c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the SBSP.

11. COMMENCEMENT

The SBSP shall take effect from the date on which the SBSP is approved by the Shareholders.

12. VARIATION AND TERMINATION

The Managing Board may at any time by resolution vary or terminate the SBSP, even if such change is prejudicial to the interests of the Participants.

A variation or termination does not give rise to any liability on the part of, or any right of action against, the Company.

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13. GOVERNING LAW

The SBSP and its operation will be governed by and construed in accordance with the laws for the time being in force in The Netherlands.

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EXHIBIT 4.8

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is made and entered into as of the 10th day of FEBRUARY, 2005 (the "EFFECTIVE DATE"), by and between JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation (the "COMPANY"), JAMES HARDIE INDUSTRIES N.V. (ARBN 097 829 895), a public company with limited liability, incorporated and existing under the laws of The Netherlands, having its corporate seat in Amsterdam and address at Strawinskylaan 3077, 1077 ZX Amsterdam, The Netherlands (the "PARENT"), and LOUIS GRIES, a resident of California (the "EXECUTIVE").

W I T N E S S E T H:

WHEREAS, the Company and Parent (together, the "COMPANIES") wish to avail themselves of the services of the Executive for the continued management of the Companies and the Group (as hereinafter defined), and the Executive wishes to accept such employment on the terms and conditions hereinafter set forth, during the Term (as hereinafter defined) hereof; and

WHEREAS, for purposes of this Agreement, the term Group shall include the activities of the Companies, as well as all now existing or hereafter acquired affiliates of the Companies (collectively referred to as the "GROUP").

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I
DUTIES

1.01 Duties. The Company hereby employs the Executive, and the Executive hereby accepts such employment, as the Company's Chief Executive Officer (the "CEO"). In addition to the office of CEO, the Executive will serve as the managing director of the Parent, subject to shareholder approval as may be required from time to time. The Executive will report directly to the Parent's Chairman of the Board (the "CHAIRMAN") and shall make reports to the Chairman concerning all matters under the Executive's control or within his knowledge whenever reasonably requested by Employer. The Executive shall perform such other or different duties and functions consistent with his role as CEO as may from time to time be assigned to him by the Parent's Supervisory or Joint Board of Directors. The Executive agrees that he may be required to establish a second residence in the Netherlands where he will reside a portion of each year (not more than 50%) for purposes of complying with various laws to which the Parent is subject.

1.02 Other Business.

(a) During the Term of this Agreement, the Executive agrees that during the course of the Company's business hours, he will devote the whole of his time, attention and efforts to the performance of his duties and obligations hereunder. The Executive shall not, during the Term of this Agreement, engage in any activity which materially interferes with his performance of duties assigned the Executive hereunder.

(b) The Executive shall not, during the Term of this Agreement, without the written approval of the Chairman and obtained in each instance, directly or indirectly (i) accept employment or receive any compensation for the performance of services from any business enterprise other than the

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Company or the Group, or (ii) enter into or be concerned or interested in any trade or business or public or private work (whether for profit or otherwise and whether as partner, principal shareholder or otherwise), which may, in the absolute discretion of the Chairman, hinder or otherwise interfere with the performance by the Executive of his duties and obligations hereunder, except as a holder of not more than five percent (5%) of any class of stock or other securities in any company which is listed on a national securities exchange or on the NASDAQ National Market System. Nothing in this Section 1.02(b) prevents the Executive from carrying out up to 15 hours per week of unpaid employment with religious, not for profit or voluntary organizations.

ARTICLE II
TERM OF AGREEMENT

The term of this Agreement shall begin on the Effective Date and continue for a period of three (3) years, unless terminated as herein provided. The term shall be automatically extended, on the 9th day of each February (the "DATE") during the term, for an additional period of one (1) year on the same terms and conditions contained herein (as so extended, the "TERM"), unless either party notifies the other party in writing no later than ninety (90) days prior to the applicable Date, that it does not want the Term to so renew in which event it shall expire at 11:59 p.m. Pacific Standard Time on February 9th of the third year of the then current Term, unless sooner terminated hereunder in accordance with the termination provisions contained in Article VI. The Executive may terminate this Agreement at any time during the Term upon the giving of at least ninety (90) days notice to the Company; provided, however, that during any such notice period the Company may instruct the Executive that (i) he is no longer to perform any duties under this Agreement, (ii) cannot bind the Company to any agreement or contract or represent to any party that he is acting for and on behalf of the Company, and (iii) will not be permitted to enter onto Company premises except at the direction and request of the Company.

ARTICLE III
COMPENSATION

During the Term of this Agreement, the Companies shall pay, or cause to be paid to the Executive in cash and in accordance with the normal payroll practices of the Companies for senior executive officers generally (including deductions for withholdings and collections as required by law), the following:

3.01 Annual Base Salary. An annual base salary ("ANNUAL BASE SALARY") will be paid equal to Seven Hundred Fifty Thousand Dollars ($750,000) per year. Adjustments in Annual Base Salary, if any, shall be determined by the Companies in their sole and absolute discretion, based upon annual reviews prior to March 31 of each year of the scope of the Executive's duties and the Executive's performance of such duties.

3.02 Annual Bonus. A cash bonus (the "ANNUAL BONUS") to be paid for each fiscal year of the Companies pursuant to the Companies' Economic Profit Incentive Plan, subject to the achievement of goals agreed by the Chairman of the Board in accordance with this Section 3.02, at the same time bonuses are generally paid to other senior executives of the Companies for the relevant fiscal year. Each fiscal year of the Term of this Agreement (beginning in April 2005) the Chairman shall approve objective and quantifiable annual goals which shall be reduced to writing and presented to the Executive on or before the sixtieth (60th) day after the commencement of the Company's fiscal year, as appropriate. The targeted annual bonus shall be not less than one hundred percent (100%) of the Annual Base Salary (the "TARGETED ANNUAL BONUS"). If this Agreement is terminated during any fiscal year, the Executive shall receive a prorated portion of the Annual Bonus that would otherwise be paid for that fiscal year in

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accordance with the proration terms of the Economic Profit Incentive Plan generally applicable to senior executives of the Companies (the "PRORATED BONUS").

3.03 Gross Amounts. The Annual Base Salary and Annual Bonus set forth in this Article III shall be the gross amounts of such Annual Base Salary and Annual Bonus. The Executive is responsible for paying any and all taxes due on any amounts received by him as Annual Base Salary or Annual Bonus, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax. In the event that the Executive is required to relocate to the Netherlands: (a) the following sentence will apply ; and (b) the Company and the Executive will mutually agree on the form of ex-pat package the Executive will receive for agreeing to live abroad. If any of the Executive's Annual Base Salary, Annual Bonus or other compensation under this Agreement for any calendar year is attributed to the Netherlands or another jurisdiction besides the United States, the Companies will pay to the Executive by the end of that calendar year a cash payment which will result in the Executive's total after-tax compensation under this Agreement for that year, after deduction of all applicable U.S. and foreign taxes that will be owed by or withheld from payments otherwise due to the Executive on account of his taxable compensation under this Agreement for that year, being at least as high as such total after-tax compensation income for that year would have been if the Executive's compensation for that year would be taxed 100% as taxable compensation under U.S. federal and state taxes and 0% as taxable compensation under the tax laws of other jurisdictions.

3.04 Stock Options. The Parent will grant 1,000,000 options to acquire 1,000,000 shares of common stock in the Parent upon shareholder approval at the Parent's 2005 annual general meeting, which approval the Parent will endeavor to obtain. These options will have performance hurdles, as required by Parent's shareholders and will be granted according to the terms specified in the James Hardie Industries NV 2005 Managing Board Transitional Stock Option Plan (the "PLAN"). All options granted to Executive hereunder will be governed by the terms of the Plan, which will contain customary terms and conditions. The Company will use reasonable endeavors to permit the Executive to carry out a cashless exercise of those options. Should the Parent's shareholders not approve the granting of options to the Executive, then the Parent and the Executive will meet and have good faith discussions in relation to, and to increase other benefits under this Agreement to offset, the economic impact on the Executive of the shareholder decision. The Executive will be eligible for future annual stock option grants or other long term equity incentives, subject to shareholder approval, at a level appropriate for the Executive's office.

3.05 Miscellaneous. The Company may attribute all or any portion of any compensation received by the Executive hereunder to any jurisdiction (e.g. the Netherlands) for the performance of the Executive's duties hereunder. Payment of compensation hereunder shall be in US dollars unless otherwise directed by the Executive to the Company from time to time during the Term.

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ARTICLE IV
OTHER BENEFITS

4.01 Incentive Savings and Retirement Plans. The Executive shall be entitled to participate, during the Term of this Agreement, in all incentive (excluding the Companies' Equity Incentive Plan), savings and retirement plans, practices, policies and programs generally available to other senior executives of the Companies, as allowed by law. Any benefits received pursuant to this Section 4.01 shall be the gross amount of such benefits. The Executive is responsible for paying any and all taxes due on any benefits received pursuant to this Section 4.01, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax.

4.02 Welfare Benefits. Immediately upon the Effective Date and throughout the Term of this Agreement, the Executive and/or the Executive's family, as the case may be, shall be entitled to participate in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Companies (including without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, dependent life, accidental death and travel accident insurance plans and programs) in accordance with the applicable provisions thereof, at a level that is equal to other senior executives of the Companies. For the avoidance of doubt, the Executive's Accident, Death and Dismemberment cover will be a minimum three (3) times the Executive's Annual Base Salary, or such higher amount as is agreed by the Companies.

4.03 Fringe Benefits. Immediately upon the Effective Date and throughout the Term of this Agreement, the Executive shall be entitled to participate in all appropriate fringe benefit programs provided generally by the Companies to their senior executives at comparable levels. All such benefits shall be governed by the terms of the plan documents and benefit policies in effect from time to time during the Term.

4.04 Expenses. During the Term of this Agreement, the Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary travel and other business expenses incurred or paid by the Executive in connection with the performance of his services under this Agreement. The Executive shall be reimbursed upon the Companies' receipt of accountings in accordance with practices, policies and procedures applicable to senior executives of the Companies.

4.05 Vacation. During the Term, and in accordance with Company policies, the Executive shall continue to accrue that number of paid vacation days during each twelve (12) month period as is appropriate for his length of service with the Company. Such paid vacation days shall accrue without cancellation, expiration or forfeiture, and shall be reduced as leave is taken.

4.06 Car Allowance. The Company will either lease an automobile for business and personal use by the Executive, or, in the alternative, the Executive will be entitled to an automobile lease allowance not to exceed Seven Hundred Fifty Dollars ($750) per month during the Term of this Agreement. Unused allowance or part thereof will be paid to the Executive. The Company shall be responsible for all costs relating thereto, including gasoline, repairs, maintenance and insurance. All automobile insurance policies for such automobile shall name the Company and the Executive as co-insureds. Personal taxation costs arising from the Executive's personal use of such automobile shall be the Executive's sole responsibility.

4.07 Annual Review. The Executive's benefits under this Article IV will be reviewed annually during the review process provided in Section 3.01 above.

ARTICLE V
RESTRICTIVE COVENANTS

5.01 Trade Secrets; Confidential and Proprietary Business Information.

(a) The Company has advised the Executive and the Executive has acknowledged that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Group. "PROTECTED INFORMATION" means trade secrets, confidential and proprietary business information of the Group, including, without limitation, all secret processes, formulas or other technical data, production methods, and any information of the Group other than information which has entered the public domain (unless such information entered the public domain through the Executive's wrongful acts, errors, omissions, or efforts or through any breach of this Agreement by the Executive), and all valuable and unique information and techniques acquired, developed or used by the Group relating to its business, operations, employees, customers and suppliers, which give the Group a competitive advantage over those who do not know the information and techniques and which are protected by the Group from unauthorized disclosure, including but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Group and any of their agents or employees. Protected Information does not include such information which: (i) at the time of this Agreement is publicly and openly known and in the public domain; or (ii) after the date of this Agreement becomes publicly and openly known and in the public domain through no fault of the Executive; or (iii) is in the Executive's possession and documented prior to this Agreement, lawfully obtained by the Executive other than from the Group and not subject to any obligation of confidentiality.

(b) The Executive acknowledges that the Executive will acquire Protected Information with respect to the Group and its successors in interest, which information is a valuable, special and unique asset of the Group's business and operations and that disclosure of such Protected Information would cause irreparable damage to the Group.

(c) Either during or after termination of employment by the Company, the Executive shall not, directly or indirectly, divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of the Executive's employment) nor use in any manner, any Protected Information, or cause any such information of the Group to enter the public domain.

5.02 Disclosure of Employee-Created Trade Secrets Confidential and Proprietary Business Information. The Executive agrees to promptly disclose to the Company all Protected Information developed in whole or in part by the Executive during the Executive's employment with the Company and which relates to the Group's business. Such Protected Information is, and shall remain, the exclusive property of the Company. All writings created during the Executive's employment with the Company (excluding writings unrelated to the Company's business) are considered to be "works-for-hire" for the benefit of the Group and the Company shall own all rights in such writings.

5.03 Survival of Undertakings and Injunctive Relief

(a) The provisions of Sections 5.01 and 5.02 of this Agreement shall survive both the termination of the Executive's employment with the Company and the termination of this Agreement irrespective of the reasons for such termination.

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(b) The Executive acknowledges and agrees that the restrictions imposed upon the Executive by Sections 5.01 and 5.02 of this Agreement and the purpose of such restrictions are appropriate and reasonable and are designed to protect the Protected Information and the continued success of the Company without unduly restricting the Executive's future employment by others. Furthermore, the Executive acknowledges that, in view of the Protected Information which the Executive has or will acquire or has or will have access to and in view of the necessity of the restrictions contained in Sections 5.01 and 5.02, any violation of any provision of Sections 5.01 and 5.02 hereof would cause irreparable injury to the Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing the Executive consents and agrees that if the Executive violates any of the provisions of Sections 5.01 or 5.02 of this Agreement, the Company and its successors in interest as the case may be, shall be entitled, in addition to any other remedies that they may have, including money damages, to an injunction to be issued by a court of competent jurisdiction, restraining the Executive from committing or continuing any violation of such Sections of this Agreement.

The Executive further acknowledges and agrees that the provisions of this Article V are essential elements of this Agreement, and that, but for the agreement of the Executive to comply with such covenants, the Company would not have entered into this Agreement. The Executive agrees that if any of the covenants contained in this Article V, or any part thereof, is held to be unenforceable because of the duration of such provisions or the area covered thereby, is ever deemed to exceed the scope of business of the Company, or otherwise is ever deemed not reasonably necessary to protect the legitimate business interests of the Company, the Executive agrees that the court making such determination shall have the power to reform the provisions of this Agreement to the maximum scope, time or geographic limitations permitted by law.

ARTICLE VI
TERMINATION

6.01 Termination of Employment by Voluntary Resignation /Death /Disability or Expiration of Term.

(a) The Executive's employment under this Agreement may be terminated:

(i) Upon voluntary resignation by the Executive in accordance with Article II and the notification requirement provided in Section 9.04;

(ii) In the event that the Term is not extended by the providing of notice as provided in Article II, then upon expiration of the Term.

(iii) Upon the death of the Executive, this Agreement and the Executive's employment hereunder shall terminate immediately and without notice by the Company; or

(iv) In the event of the inability of the Executive to perform his duties or responsibilities thereunder, as a result of a Permanent Disability (as defined below) upon written notice by the Company. A "PERMANENT DISABILITY" occurs when for a period of ninety (90) consecutive calendar days, or an aggregate of one hundred twenty (120) calendar days during any calendar year (whether or not consecutive) the Executive is unable to perform his duties or responsibilities hereunder as a result of a mental or physical ailment or incapacity. Upon the occurrence of a Permanent Disability, the Company will evaluate the Executive's condition and determine whether or not to send written notice of such Executive's termination.

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(b) Upon termination pursuant to Section 6.01(a)(i), the Executive shall not be entitled to payment of any compensation other than that portion of Annual Base Salary earned up to the date of such termination, any accrued but unpaid vacation days, any expense reimbursements and accrued benefits under Article IV, continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws and (subject to Section 3.04) any stock options, warrants or similar rights which have vested at the date of such termination.

(c) Upon termination pursuant to Section 6.01(a)(ii), the Executive shall not be entitled to payment of any compensation other than that portion of Annual Base Salary earned up to the date of such termination, any accrued but unpaid vacation days, any Prorated Bonus payable for periods before the termination, any expense reimbursements and accrued benefits under Article IV, continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws and (subject to Section 3.04) any stock options, warrants or similar rights which have vested at the date of such termination.

(d) Upon termination pursuant to Section 6.01(a)(iii) above, the Companies shall pay or grant, to such person as the Executive designates in a notice filed with the Company, or, if no such person shall be designated, to the Executive's estate as a lump sum death benefit, an amount equal to any compensation under this Agreement earned up to the date of such termination, including Annual Base Salary and any accrued but unpaid vacation days. In addition, any stock options, warrants or similar rights which have vested at the time such termination will be exercisable by the Executive's estate in accordance with the Plan. The Executive's designated beneficiary or the executor of the Executive's estate, as the case may be, shall accept the payment provided for in this Paragraph 6.01(c), and any Prorated Bonus payable for periods before the termination, any expense reimbursements and accrued benefits under Article IV and continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws in full discharge and release of the Company of and from any further obligations under this Agreement.

(e) Upon termination pursuant to Section 6.01(a)(iv) above, the Executive shall be entitled to the benefit of disability or other relevant insurance or benefits provided pursuant to Section 4.02 above. The Executive shall not be entitled to payment of any compensation other than that portion of Annual Base Salary earned up to the date of such termination, any accrued but unpaid vacation days, any Prorated Bonus payable for periods before the termination, any expense reimbursements and accrued benefits under Article IV, continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws, and (subject to Section 3.04) any stock options, warrants or similar rights which have vested at the date of such termination.

6.02 Termination for Cause. (a) The Companies may terminate the Executive's employment hereunder for Cause by giving the Executive written notice of such termination. For purposes of this Agreement, "CAUSE" for termination shall mean:

(i) the willful failure or refusal to carry out the material reasonable directions of the Chairman or Board of Directors, which directions are consistent with the Executive's duties as set forth under this Agreement;

(ii) a willful act by the Executive that constitutes gross negligence in the performance of the Executive's duties under this Agreement and which materially injures the Companies. No act, or failure to act, by the Executive shall be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Companies' best interest;

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(iii) a conviction for a violation of a state or federal criminal law involving the commission of a felony or other crime involving moral turpitude; or

(iv) the violation of any policy and/or procedure with which all other employees of the Company are required to comply, which violation would constitute grounds for corrective action leading to a termination under the terms of such policy and/or procedure and which violation is not cured within thirty (30) days after delivery of written notice thereof to the Executive.

(b) Upon termination for Cause, the Executive shall not be entitled to payment of any compensation other than that portion of Annual Base Salary earned up to the date of such termination, any accrued but unpaid vacation days, any expense reimbursements and benefits under Article IV, continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws and (subject to Section 3.04) any stock options, warrants or similar rights which have vested at the date of such termination.

6.03 Termination Without Cause or Termination by the Executive for Good Reason. Should the Executive's employment be terminated for a reason other than as specifically set forth in Sections 6.01 or 6.02 above, whether terminated by the Company or terminated by the Executive for Good Reason (as defined below), the Companies shall pay the Executive that portion of Annual Base Salary earned up to the date of such termination, any accrued but unpaid vacation days, any Prorated Bonus payable for periods before the termination, any expense reimbursements and accrued benefits under Article IV, continuation of the Companies' indemnification and contribution obligations to the Executive under any bylaws, agreements or applicable laws and (subject to Section 3.04) any stock options, warrants or similar rights which have vested at the date of such termination. In addition, Executive and the Companies agree as follows:

(a) the Companies shall pay the Executive an amount equal to one and one half times (1-1/2) the Annual Base Salary applying as at the date of termination, paid in accordance with Section 6.03(c) below.

(b) the Companies shall pay the Executive an amount equal to one and one half times (1-1/2) the Average Annual Bonus actually paid to the Executive in accordance with Section 6.03(c) below. For purposes of this Section 6.03, Average Annual Bonus shall mean (i) the aggregate Annual Bonus actually paid or payable to the Executive by the Companies, including the bonus bank amounts actually paid out or payable to the Executive, for the last full fiscal year after the Effective Date and immediately preceding the fiscal year of such termination (but not exceeding three (3), divided by the number of such fiscal years, or, (ii) if no such fiscal year has been completed, the initial Targeted Annual Bonus under Section 3.02.

(c) the Companies shall pay the amounts specified in each of Sections 6.03(a) and (b) above in monthly installments, in accordance with the Companies' normal payroll practices for other senior executives, beginning in the seventh month following termination. Such payments shall be paid in twelve equal monthly installments on the 1st day of the month.

(d) all of the stock options, warrants, retirement benefits and other similar rights, if any, granted by the Company to the Executive which are vested at the date of the termination of the Executive's employment shall (subject to Section 3.04) remain vested.

(e) all health and medical benefits shall continue at the Companies expense for the remainder of the term of this Agreement and the Consulting Agreement. The Companies will pay the Executive's premiums for continued coverage for medical, dental and vision benefits, if applicable, under

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the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") for himself and, if applicable, his covered dependents, for the maximum period of time allowed by law, after which the Companies will arrange for and pay for comparable coverage until its obligations are fulfilled under this Section 6.03(e).

The term "GOOD REASON," in connection with the termination by the Executive of his employment with the Company shall mean:

(i) A diminution in the responsibilities, title or office of the Executive such that he does not serve as the chief executive officer of the Company or managing director of the Parent (which diminution was not for Cause or the result of the Executive's disability); or

(ii) A reduction by the Company in the Executive's Annual Base Salary to less than the greater of (a) $750,000, or (b) the Executive's Annual Base Salary at the time of such reduction; or

(iii) A reduction by the Company in the Executive's then current Targeted Annual Bonus.

6.04 No Mitigation; Resignation from Board. The Executive shall not be required to mitigate the amount of any payment provided for in this Article VI by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Article VI be reduced by any compensation earned by the Executive as a result of employment by another company, self-employment or otherwise. As a condition to the Companies entering into this Agreement the Executive shall execute and deliver to the Company the Consulting and Noncompetition Agreement in the form of EXHIBIT "A" to this Agreement (the "Consulting Agreement"). In addition, upon any termination of Executive hereunder, he shall immediately resign as a member of the Board of Directors of the Parent, the Company and any affiliate thereof.

6.05 Option Vesting. In order to continue to align the Executive's interests with those of the Company's shareholders, all stock options, warrants, retirement benefits and other similar rights that will vest in accordance with the terms of the applicable plan between the date of such termination of employment and the completion of the Consulting Agreement (as hereinafter defined), will continue to vest on the vest dates stipulated in the grant document. Subject to Section 3.04 all stock options, warrants, retirement benefits and other similar rights unvested as of the completion of the Consulting Agreement will immediately expire. All stock options, warrants, retirement benefits and other similar rights vested as of the completion of the Consulting Agreement will remain exercisable until the date such rights would expire in accordance with their terms.

ARTICLE VII
RELEASE

7.01 As a material inducement for the Company to provide compensation and certain benefits described in the Agreement, the Executive, on his own behalf and on behalf of his spouse, heirs, executors, administrators, successors, and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Group and each of their predecessors, successors, assigns, agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, welfare benefit plans, divisions, subsidiaries, parent companies, affiliates (and agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, and welfare benefit plans of such divisions, subsidiaries, parent companies and affiliates), and all persons acting by, through, under or

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in concert with any of them (collectively, "RELEASEES"), or any of them from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) (collectively, "CLAIMS") of any nature whatsoever known or unknown, suspected or unsuspected, including but not limited to Claims arising under any compensation plan, welfare benefit plan, contract, agreement or understanding, whether express or implied, any tort or other cause of action, including but not limited to those arising under federal, state or local laws prohibiting age, sex, disability or other forms of discrimination, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Americans With Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, as amended, the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, the Fair Employment and Housing Act, any regulations thereunder, state or federal common law, or any other duty or obligation of any kind or description whether express or implied, which Claims relate to arise out of the Executive's employment with the Company, and which the Executive now has, owns or holds or claims to have, own or hold or which the Executive at any time heretofore has owned or held or claimed to have, own or hold or claim to have, own or hold against each or any of the Releasees, except any existing claims for benefits arising under any applicable bonus plan, pension benefit plan, medical benefit plan, dental benefit plan, or vision benefit plan in which the Executive is participating as of the date of this Agreement. The foregoing provision in this Paragraph 7.01 shall not apply to activities that are permitted under applicable law, except that Executive acknowledges that he has irrevocably waived any right to recovery against the Releasees in connection with such activities, or otherwise. This Release is not intended to restrict either the Executive's or the Company's rights and obligations to abide by and/or enforce the terms and conditions of this Agreement.

7.02 As a condition of this Release, the Executive waives all rights arising under Section 1542 of the Civil Code of the State of California against Releasees. Section 1542 provides as follows:

> A General Release does not extend to claims which a creditor does not know or suspect to exist in his favor as of the time of executing the Release which if known by him must have materially affected his settlement with the debtor.

Notwithstanding the provisions of Section 1542 and for the purpose of implementing the full and complete release and discharge of the liability of all Releasees described in Section 7.01 above as of the effective date of the Agreement, the Executive expressly acknowledges that the Release is intended to include and does include in its effect without limitation all Claims which the Executive does not know or expect to exist in his favor against Releasees as of the time of the effective date of this Release and that this Release expressly contemplates the extinguishment of any such Claims, including attorneys' fees and costs.

7.03 The Executive acknowledges that he has been encouraged to consult with an attorney before signing this Agreement, and that he may return the signed Agreement to the Company during the period beginning with his receipt of the Agreement and ending, without the Executive's revocation, twenty-one (21) days from the date the Executive receives it. If the Executive does sign this Agreement, the Executive acknowledges that he will have seven (7) days after he executes it to voluntarily decide to revoke it, and it will not become effective until seven (7) days has expired, without the Executive's revocation, from the date the Executive voluntarily chose to execute it. The Executive further acknowledges that he has read this Article VII carefully and that he knowingly and voluntarily agrees to accept the terms and conditions set forth in the Agreement, as consideration for the Release described herein. The Executive further acknowledges that he was provided twenty-one (21) days within which to

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consider the terms of the Release, including seeking counsel, and that the consideration described within the Agreement is sufficient and adequate consideration for the Release as it reflects compensation and benefits above and beyond those to which The Executive is entitled as of the date of this Release.

ARTICLE VIII
MISCELLANEOUS

8.01 Assignment, Successors. This Agreement, or any right or interest herein, may not be assigned by either party hereto, whether by operation of law or otherwise, without the prior written consent of the other party. Nothwithstanding the foregoing, however, the Company may assign this Agreement to the Parent without the Executive's consent, in which case all references to the Company shall mean the Parent. This Agreement shall be binding upon and inure to the benefit of the Executive and the Executive's estate and the Companies and any permitted assignee of or successor to either Company.

8.02 Severability. If any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any paragraph or part of a paragraph so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such paragraph or part of a paragraph to the fullest extent possible while remaining lawful and valid.

8.03 Amendment and Waiver. This Agreement shall not be altered, amended or modified except by written instrument executed by the Company and the Executive. A waiver of any term, covenant, agreement or condition contained in this Agreement shall not be deemed a waiver of any other term, covenant, agreement or condition and any waiver of any other term, covenant, agreement or condition, and any waiver of any default in any such term, covenant, agreement or condition shall not be deemed a waiver of any later default thereof or of any other term, covenant, agreement or condition.

8.04 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by a reputable overnight courier service or five (5) days following deposit in the U.S. mail (if sent by registered or certified mail, return receipt requested, postage prepaid), in each case duly addressed to the party to whom such notice or communication is to be given as follows:

If to the Company:	JAMES HARDIE BUILDING PRODUCTS INC. Attn: Chairman of the Board 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
With a copy to:	VP HR and GENERAL COUNSEL 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
If to the Executive:	LOUIS GRIES c/o James Hardie Building Products Inc. 26300 La Alameda, Suite 250 Mission Viejo, California 92614 Fax: (949) 367-1294

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Either party may from time to time designate a new address by notice given in accordance with this Section. Notice and communications shall be effective when actually received by the addressee.

8.05 Counterpart Originals. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

8.06 Entire Agreement. With the exception of the Consulting Agreement referenced above in Section 6.04, this Agreement shall terminate and supersede all prior agreements, promises and representations regarding the terms and conditions of the Executive's employment by the Group, Parent, or any of their subsidiaries or affiliates, and any severance or other payments contingent upon termination of employment, including but not limited to that certain Employment Agreement by and between the Company and the Executive, made and entered into as of the 1st day of September, 2004; provided, however, (a) the Executive's currently existing stock option agreements for Parent shares, and his indemnity or contribution agreements with any member of the Group, and (b) any confidentiality, inventions or proprietary information agreements, shall not be superseded and shall continue in effect. This Agreement can only be modified by a writing signed by the Executive and the Chairman of the Board of the Parent.

8.07 Applicable Law and Binding Effect. This Agreement shall be construed, and the legal relations between the parties hereto determined, in accordance with the local laws of the State of Nevada applicable to agreements made and to be performed entirely within the State of Nevada, without giving effect to its conflicts of laws provisions.

To the extent that the laws of Australia would govern the interpretation of this Agreement, then in such event, and notwithstanding any provision of this Agreement to the contrary, the Company will not be required to pay or provide, or procure the payment or provision, of any monies or benefits to the Executive which do not comply with the provisions of Part 2D.2, Division 2 of the Australian Corporations Act 2001 (Cth) without the need to obtain shareholder approval. In accordance with the provisions of the previous sentence, any such payments or benefits to be provided to the Executive must be reduced to ensure compliance with this clause and Part 2D.2, Division 2 of the Australian Corporations Act and in the event of overpayment to the Executive, the Executive must, on receiving written notice from the Company immediately repay any monies or benefits specified in such notice.

8.08 Legal Fees; Arbitration. The parties hereto expressly agree that in the event of any dispute, controversy or claim by any party regarding this Agreement, the prevailing party shall be entitled to reimbursement by the other party to the proceeding of reasonable attorneys' fees, expenses and costs incurred by the prevailing party. Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement or otherwise arising out of the execution hereof, including any claim based on contract, tort or statute, shall be resolved, at the request of any party, by submission to binding arbitration at the Orange County, California offices of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), and any judgment or award rendered by JAMS shall be final, binding and unappealable, and judgment may be entered by any state or federal court having jurisdiction thereof. Any party can initiate arbitration by sending written notice of intention to arbitrate (the "DEMAND") by registered or certified mail to all parties and to JAMS. The Demand shall contain a description of the dispute, the amount involved, and the remedy sought. Initially, the Company will pay for the costs associated with proceeding in arbitration as opposed to civil court. Each side will bear their

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own attorneys' fees. The arbitrator shall be a retired or former judge agreed to between the parties from the JAMS' panel. If the parties are unable to agree, JAMS shall provide a list of three (3) available judges and each party may strike one. The remaining judge shall serve as the arbitrator. Each party hereto intends that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. In her award, the arbitrator shall allocate, in her discretion, among the parties to the arbitration all costs of the arbitration, including the fees of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The parties hereto agree to comply with any award made in any such arbitration proceedings that has become final and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding becoming final.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

"Parent"

JAMES HARDIE INDUSTRIES N.V., a corporation organized and existing under the laws of the Netherlands

Attest: /s/ David Foster
Name: David Foster
Title:

By: /s/ Meredith Hellicar
Name: Meredith Hellicar
Title: Chairman of the Board

"Company"

JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation

Attest: /s/ Ginger Lester
Name: Ginger Lester
Title: Secretary

By: /s/ Scott C. Barnett
Name: Scott C. Barnett
Title: Chief Financial Officer

Signed, Sealed and Delivered
In the Presence of Two Subscribing Witnesses:

"Executive"

LOUIS GRIES, an individual

/s/ Louis Gries
Louis Gries

Witness

Witness

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CONSULTING AND NONCOMPETITION AGREEMENT

THIS CONSULTING AND NONCOMPETITION AGREEMENT (this "Agreement"), is made as of the 10th day of February, 2005, by and between JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation (hereinafter referred to as "JHBP"), and LOUIS GRIES (the "EXECUTIVE").

W I T N E S S E T H:

WHEREAS, JHBP, the Executive and JAMES HARDIE INDUSTRIES N.V. (ARBN 097 829 895), a public company with limited liability, incorporated and existing under the laws of The Netherlands, having its corporate seat in Amsterdam and address at Strawinskylaan 3077, 1077 ZX Amsterdam, The Netherlands (the "PARENT"), have entered into an Employment Agreement dated February 10, 2005 (the "EMPLOYMENT AGREEMENT"), which provides that as a condition to the obligation of JHBP and the Parent to execute the Employment Agreement, the Executive shall have delivered this Agreement to JHBP;

WHEREAS, the Executive desires to induce JHBP and Parent to execute the Employment Agreement and to consummate the transactions contemplated by the Employment Agreement; and

WHEREAS, all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Employment Agreement.

NOW, THEREFORE, in consideration of the foregoing and for the additional consideration set forth in Section 4 below, the Executive hereby agrees with JHBP as follows:

1. Recitals. The recitals set forth at the beginning of this Agreement are true and correct and by this reference are incorporated by reference into the body of this Agreement.

2. Representations and Warranties. The Executive does hereby represent and warrant to JHBP:

(a) That the delivery of this Agreement to JHBP by the Executive is ancillary to the main business purpose of the Employment Agreement, and is executed by the Executive to protect the legitimate interests of JHBP with respect to its business;

(b) That the Noncompetition Period (as hereinafter defined) and the Geographic Area (as hereinafter defined), are appropriate and reasonable in all respects in light of the nature of the business of JHBP and the legitimate need of JHBP to protect its customer base, its intellectual property and trade secrets; and

(c) That the execution and delivery of this Agreement, the performance by the Executive of the covenants and agreements contained herein, and the enforcement by JHBP of the provisions contained herein, will cause no undue hardship on the Executive.

3. Consulting Services.

3.1 Services. As reasonably directed by JHBP, the Executive shall utilize his expertise to perform consulting and advisory services ("SERVICES") regarding various business operations and opportunities in which JHBP may have an interest. The Services shall be rendered on an "as needed"

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basis and, the Executive shall use reasonable efforts to make the Services available to JHBP at times requested by JHBP. The Executive shall perform up to 100 hours of such Services during each consecutive 12-month period during the term of this Agreement so that JHBP may continue to have the full benefit of his expertise and knowledge regarding JHBP's business. Such responsibilities may include, but will not be limited to, making recommendations, providing advice, reviewing documents, assisting with any regulatory, judicial, court or administrative proceeding, and providing such other assistance as JHBP may reasonably require. The Services shall generally be provided by telephone, e-mail and/or at Orange County, California. If required Services reasonably require the Executive to travel to another location, JHBP shall pay, or reimburse the Executive under Section 3.2 below, for all travel, lodging, food and other related expenses reasonably incurred by the Executive in connection with his providing such Services.

3.2 Fees and Reimbursements

(a) During each year of the Initial Term (as defined in Section 3.3 below), JHBP shall pay the Executive his final Targeted Annual Bonus as of the termination of his employment with the Company in equal monthly installments. For purposes of this Agreement, the "TARGETED ANNUAL BONUS" shall be defined as it is in the Employment Agreement dated February 10, 2005 between Louis Gries and JHBP (the "EMPLOYMENT AGREEMENT").

(b) If JHBP elects to extend the term of this Agreement for an additional two (2) years under Section 3.3 below, JHBP shall pay the Executive, on an equal monthly basis, amounts equal to his final ANNUAL BASE SALARY as defined in the Employment Agreement and Targeted Annual Bonus as of the termination of his employment with the Company, for each year of the Extension Term (as defined in Section 3.3 below).

(c) JHBP also agrees to reimburse the Executive for all reasonable out of pocket expenses incurred by the Executive in connection with the Services provided hereunder. Invoices shall be submitted by the Executive to JHBP as soon as practical after the end of each month and JHBP agrees to pay the Executive for amounts due for such invoices within thirty (30) days of JHBP'S receipt of such invoice. Invoices shall provide sufficient detail and shall be in a format acceptable to JHBP.

(d) All payments owed under this Agreement shall be subject to the Executive's compliance in all material respects with Section 6 of this Agreement. If the Executive has breached the provisions of Section 6 in any material respect, no fees or payments will be owed to the Executive as stated in this Agreement regardless of whether any Services have been rendered.

(e) The payments to be made to the Executive under Sections 3.2(a) and (b) above shall be the gross amounts of such payments. The Executive is responsible for paying any and all taxes due on any such amounts received by him, including, but not limited to, any income tax. If any of the Executive's compensation under this Agreement for any calendar year is attributed to the Netherlands or another jurisdiction besides the United States, JHBP will pay to the Executive by the end of that calendar year a cash payment which will result in the Executive's total after-tax compensation under this Agreement for that year, after deduction of all applicable U.S. and foreign taxes that will be owed by or withheld from payments otherwise due to the Executive on account of his taxable compensation under this Agreement for that year, being at least as high as such total after-tax compensation income for that year would have been if the Executive's compensation for that year would be taxed 100% as taxable compensation under U.S. federal and state taxes and 0% as taxable compensation under the tax laws of other jurisdictions.

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3.3 Effective Date, Term and Termination of Services. This period during which the Executive shall perform his Services hereunder shall be for two (2) years commencing immediately upon the Executive's termination under the Employment Agreement unless earlier terminated as follows (the "INITIAL Term"). Additionally, at any time during the Initial Term, JHBP may elect to extend the Services for an additional two (2) years based on the same terms as set forth in this Section 3 and the Executive will agree to such extension, subject to earlier termination as follows (the "EXTENSION TERM"). (a) This Agreement will terminate immediately if the Executive dies.

(b) JHBP may terminate the Services, by giving the Executive written notice of such termination, in the event of any of the following:

(i) the willful failure or refusal to carry out the material reasonable directions of the Chairman or Board of Directors of either the Company, or the then current Chief Executive Officer of the Parent, which directions are consistent with the Executive's duties as set forth under this Agreement;

(ii) a willful act by the Executive that constitutes gross negligence in the performance of the Executive's duties under this Agreement and which materially injures JHBP. No act, or failure to act, by the Executive shall be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in JHBP'S best interest; or

(iii) a conviction for a violation of a state or federal criminal law involving the commission of a felony or other crime involving moral turpitude.

Termination of the Services as provided herein by any party does not waive any claims for damages which any party may have against the other party for failure to perform or insufficient performance. Upon termination of the Services, the Executive will be entitled to receive any fee or reimbursement under this Agreement owed to him for such Services for periods before the termination, but shall not otherwise be entitled to receive any further compensation under this Agreement for such Services.

3.4 Executive's Authority; Independent Contractor. The Executive and JHBP acknowledge that the Executive is engaged under this Section 3 as an independent contractor, and not as an employee or agent of JHBP. The Executive and JHBP further acknowledge that the Executive retains control over the method and manner in which the Services are to be performed hereunder. The Executive has no authority to enter into any contract or incur any other obligation on behalf or in the name of JHBP. The Executive and JHBP further acknowledge that as an independent contractor, all taxes due to federal, state and local authorities are the sole responsibility of the Executive. The Executive shall be solely responsible for all of his own employees and their expenses. The Executive agrees that it will indemnify and hold JHBP harmless for any tax liabilities, including penalties and interest, which may arise as a consequence of this Agreement, and understands as a consideration of this Agreement that it must remain in compliance with all laws and regulations applicable to business entities or otherwise.

3.5 Warranty. The Executive warrants that: (a) the Services shall be performed in a good and workmanlike manner in accordance with established professional standards for such services and the best practices in the Executive's industry, (b) the Services and any reports, advice and other products of the Executive's Services shall comply with all applicable laws, regulations, codes and ordinances, and (c) to the extent that the Services involve delivery of "Technology" to the "Group," as defined below, use of such Technology by the Group does not infringe or violate any patent, copyright,

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trade secret or other proprietary right of any person or entity and, to the extent that the Services involve development of Technology, such Technology is a "work made for hire" (or if for any reason the Technology is deemed to not be a "work made for hire," the Executive hereby assigns all its rights in such Technology to the Group) and the Group shall have full and clear title to any and all Technology resulting from the Services (except as provided in Exhibit A) and shall be able to use any and all such Technology without liability and without restriction. "TECHNOLOGY" includes such things as, without limitation, software programs developed by the Executive as part of the Services. If the Executive fails to comply with this warranty, the Group may, in addition to exercising any of its other rights and remedies under this Agreement or otherwise at law, require that the Executive perform the Services again, properly and at no additional expense to the Group. For purposes of this Agreement, the term "GROUP" shall include the activities of JHBP, as well as all now existing or hereafter acquired affiliates of JHBP.

3.6 Ownership of Products of Services. All reports, data, ideas, information and other products of the Services delivered by the Executive to the Group hereunder or developed by the Executive in performing the Services shall be the sole and exclusive property of the Group and shall be deemed "work made for hire" with Group receiving ownership of copyright therein. The Executive hereby assigns all such rights to the Group.

3.7 Maintenance of Records. The Executive shall maintain accurate records, sufficient and acceptable to JHBP, pertaining to the Services and agrees to retain all such records for at least three years after completion of Services. Any representative(s) authorized by JHBP may audit transactions related hereto for the purpose of determining whether there has been compliance with this Agreement.

3.8 Compliance. The Executive agrees to comply with all reasonable Company policies while providing Services for the Company, including, but not limited to, all health and safety guidelines.

3.9 Government Contracts. If compensation to the Executive under this Section 3 exceeds $10,000 and is in furtherance of a U.S. Government contract or subcontract, the provisions of the Equal Opportunity Clause as promulgated by Section 202 of Executive Order 11246, dated September 24, 1965, as amended, are incorporated herein by reference. The Executive also agrees to comply with all applicable local, state and federal laws and executive orders and regulations issued pursuant thereto, including any such rules which may be applicable to this Agreement as a U.S. Government subcontract.

4. Confidentiality.

4.1 The term "CONFIDENTIAL INFORMATION" means all information which the Executive receives before, during and after the engagement hereunder which: (a) is provided to the Executive by the Group, as defined below, that concerns or relates to any aspect of the business of the Group; or (b) is, for any reason, identified and treated as confidential by the Group. Confidential Information does not include such information which the Executive can prove, by clear and convincing evidence: (c) at the time of this Agreement is publicly and openly known and in the public domain; (d) after the date of this Agreement becomes publicly and openly known and in the public domain through no fault of the Executive; or (e) is in the Executive's possession and documented prior to this Agreement, lawfully obtained by the Executive other than from the Group and not subject to any obligation of confidentiality.

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4.2 The Executive understands and acknowledges that the Confidential Information is being revealed to the Executive in strict confidence solely for the purpose of allowing the Executive to perform the Services. The Executive shall not use, or induce others to use, any Confidential Information for any other purpose whatsoever nor at any time directly or indirectly print, copy or otherwise reproduce, in whole or in part, any Confidential Information without the prior written consent of Company.

4.3 The Executive shall not disclose or reveal any Confidential Information to anyone.

4.4 Upon completion of the Services, or upon request of JHBP, the Executive shall deliver to the Company all Confidential Information in his possession embodied in tangible form. the Executive shall deliver to the Company all originals and copies of documents, data, software, programs and things, including all recordings on electronic, magnetic optical or other media, and all listings, comprising or embodying Confidential Information and shall not take or retain any copies thereof. The confidentiality provision herein shall survive termination of this Agreement and Confidential Information shall be held as confidential until it is no longer Confidential Information as provided herein.

4.5 The Executive acknowledges that any unauthorized disclosure or use of Confidential Information to which it is given access by virtue of this Agreement would cause JHBP immediate and irreparable injury or loss. Accordingly, the Executive acknowledges and agrees that in the event of a breach or threatened breach by the Executive of any provision of this Agreement, JHBP shall be entitled to preliminary and permanent injunctive relief, without the need to post a bond, restraining the Executive from the disclosure or unauthorized use of any Confidential Information.

4.6 The terms of this confidentiality provision supplement the terms of any separate confidentiality agreement signed by the parties, regardless of any integration clause, and if there is any conflict in such terms, the provision providing the most protection to the Confidential Information shall be applied.

5. Non-Solicitation. During the Noncompetition Period (as hereinafter defined), the Executive shall not, directly or indirectly (a) encourage any employee of the Group or any of their successors in interest to leave his or her employment with the Group or any of their successors in interest, (b) employ, hire, solicit or cause to be employed, hired or solicited (other than by the Group or any of their successors in interest), or encourage others to employ or hire any person who within the Noncompetition Period (as hereinafter defined) was employed by the Group or any of their successors in interest, or (c) establish a business with, or encourage others to establish a business with, any person who within the Noncompetition Period was an employee of the Group or any of their successors in interest.

6. Noncompetition.

(a) During the time when the Executive is employed by JHBP and for a period of two (2) years after the last date on which the Executive receives any salary, bonus or monetary severance compensation from JHBP or any affiliate of JHBP (the "NONCOMPETITION PERIOD") (irrespective of whether the Executive's termination of employment with JHBP was voluntary or involuntary), and provided the Companies have made all monthly payments required to be paid to the Executive during his employment and pursuant to Sections 3.2 and 7 of this Agreement, the Executive shall not, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business (as hereinafter defined) and within the Geographic Area (as hereinafter defined).

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(b) The Executive agrees that the Executive shall not, during the Noncompetition Period, and provided JHBP continues making all monthly payments required to be paid to the Executive as described in Section 3 of this Agreement, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Nothing in this Section 6(b) shall, however, restrict the Executive from making any investment in any company whose stock is listed on a national securities exchange or on the NASDAQ National Market System; provided that (i) such investment does not give the Executive the right or ability to control or influence the policy decisions of any Prohibited Business, (ii) such investment does not create a conflict of interest between the Executive's duties hereunder and the Executive's interest in such investment, and (iii) such investment does not exceed, directly or indirectly, 5% of the issuer's outstanding securities of that class.

(c) For purposes of this Section 6, the term "PROHIBITED BUSINESS" shall be defined as the business of:

(i) marketing or selling of fiber cement products, where the marketing or selling of such products is an activity of the business;

(ii) manufacturing or processing fiber cement products;

(iii) building, assembling, operating or maintaining plant and equipment, where that plant and equipment is particular to the manufacturing or processing of fiber cement products;

(iv) manufacturing or processing raw materials for fiber cement products where that manufacturing or processing is particular to the raw material used in fiber cement products;

(v) research or development activities relating to Section 6(c)(i)-(iv); and

(vi) any branch, office or operation thereof, which is a competitor of JHBP (or any affiliate thereof) or which has established or seeks to establish contact, in whatever form (including, but not limited to solicitation of sales, or the receipt or submission of bids), with any entity who is at any time a client, customer or supplier of JHBP (including but not limited to all subdivisions of the federal government).

(d) For purposes of this Section 6, the term "GEOGRAPHIC AREA" shall include that area where the Group now, or may at any time during the Term, conduct any Prohibited Business.

(e) The Executive specifically acknowledges that he will have access to Protected Information. The Executive covenants and agrees that during or after termination of employment by JHBP, the Executive shall not, directly or indirectly, divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of the Executive's employment) nor use in any manner, any Protected Information, or cause any such information of the Group to enter the public domain.

7. Additional Consideration. As additional consideration for the Executive agreeing to comply with the provisions of Section 6 of this Agreement JHBP agrees that unless the Executive's

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employment is terminated as a result of this death, it shall pay the Executive his final Annual Base Salary, in accordance with JHBP's normal payroll practices for other senior executives, for a period of two (2) years after the Executive's termination in exchange for (i) the Executive's continued compliance in all material respects with the provisions of this Agreement, including without limitation the providing of the Services and compliance with the terms of Section 6 of this Agreement, and (ii) the Executive's execution, without revocation, of a reasonable Release of Claims promptly following the effective date of such termination.

8. Equitable Remedies and Remedies at Law. The parties recognize that, because of the nature of the subject matter of this Agreement, it would be impracticable and extremely difficult to determine actual damages to JHBP in the event of a breach of this Agreement by the Executive. Accordingly, if the Executive commits a breach, or threatens to commit a breach of any of the provisions of this Agreement, JHBP shall be entitled to all available legal and equitable remedies, including without limitation, injunctive relief, both preliminary and permanent, and JHBP shall not be required to post a surety bond in connection therewith. JHBP also shall be entitled to money damages for any loss suffered or to be suffered as a consequence of the Executive's breach of this Agreement.

9. Severability. If any of the covenants contained in Section 3, or any part thereof, is held to be unenforceable because of the duration of such provisions or the area covered thereby, or ever be deemed to exceed the scope of business, the undersigned agrees that the court making such determination shall have the power to reform the provisions of this Agreement to the maximum scope, time or geographic limitations permitted by applicable law.

10. Extension of Noncompete Period. The periods of time during which the Executive is prohibited from engaging in such business practices pursuant to Section 6 shall be extended by any length of time during which the Executive is in breach of any of such covenants.

11. Reasonableness. JHBP and the Executive agree that the covenants of the Executive set forth in this Agreement are appropriate and reasonable when considered in light of the nature and extent of the business conducted by JHBP and JHBP.

12. Governing Law. This Agreement shall be construed, and the legal relations between the parties hereto determined, in accordance with the local laws of the State of Nevada applicable to agreements made and to be performed entirely within the State of Nevada, without giving effect to its conflicts of laws provisions.

13. Attorneys' Fees. The parties hereto expressly agree that in the event of any dispute, controversy or claim by any party regarding this Agreement, the prevailing party shall be entitled to reimbursement by the other party to the proceeding of reasonable attorneys' fees, expenses and costs incurred by the prevailing party. The agreement of the parties represented by this Agreement is in addition to, and not in lieu of, any other agreement or obligation of the parties contained in the Employment Agreement.

14. Enforcement. The covenants of the Executive under this Agreement shall be independent of any other contractual relationship between any of JHBP and the Executive. Consequently, the existence of any claim or cause of action of the Executive against any of JHBP shall not constitute a defense to the enforcement by JHBP of this Agreement.

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15. Assignability and Parties in Interest. No party may assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other party. This Agreement binds, inures to the benefit of and is enforceable by the respective successors and permitted assigns of the parties and it does not confer any rights on any other persons or entities. The Parent and each affiliate of the Parent shall be a third party beneficiary of this Agreement.

16. Counterparts. This Agreement may be executed in any number of counterparts and any party hereto may execute any such counterpart, each of which when executed and delivered will be deemed to be an original and all of which counterparts taken together will constitute but one and the same instrument. The execution of this Agreement by any party hereto will not become effective until counterparts hereof have been executed by all the parties hereto.

17. Waiver. The failure of any party to insist upon strict performance of any of the terms or conditions of this Agreement will not constitute a waiver of any of its rights hereunder.

18. No Conflict or Violation. The Executive warrants and represents that the execution, delivery and performance by the Executive of this Agreement does not and will not: (i) violate any provision of law, statute, judgment, order, writ, injunction, decree, award, rule, or regulation of any court, arbitrator, other governmental or regulatory authority applicable to the Executive; or (ii) violate, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contract, service or other customer agreement or other agreement to which the Executive is a party.

19. Complete Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and, except as provided herein, supersedes all previous oral and written and all contemporaneous oral negotiations, commitments, writings and understandings relating to the subject matter hereof.

20. Modifications, Amendments and Waivers. All modifications or amendments to this Agreement shall be in writing and signed by both parties hereto.

21. Interpretation. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

"JHBP"

JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation

Attest: /s/ Ginger Lester

Name: Ginger Lester
Title: Secretary

By: /s/ Scott C. Barnett

Name: Scott C. Barnett
Title: Chief Financial Officer

[Corporate Seal]

Signed, Sealed and Delivered in the Presence of Two Subscribing Witnesses:

"EXECUTIVE"

/s/ Louis Gries

Louis Gries

Witness

Witness

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Exhibit 4.9

JAMES HARDIE INDUSTRIES N.V.

SUMMARY OF EMPLOYMENT TERMS

Name: Russell Chenu (the "Executive")

Position: Chief Financial Officer of James Hardie Industries N.V. (the "Company")

Terms: As of April 1, 2005 to present.

Annual Base Salary: AUD 750,000 per annum payable monthly.

Annual Incentive: An amount equal to 33% of the Executive's base salary as of each March 31 that he is employed as the CFO. The payment is contingent upon the Executive's achievement of individual performance objectives set by the CEO, approved by the Board of Directors and agreed upon by the Executive.

Stock Options: Initial, one-time grant of 93,000 stock options in February 2005. The options vest 25% on the first anniversary; 25% on the second anniversary; and 50% on the third anniversary.

Performance Stock Options: Subject to shareholder approval, up to 150,000 additional stock options will be granted to the Executive under the Managing Board Transitional Stock Option Plan (the "MBTSOP"). The size of the grant will have a value (as determined by Black-Scholes) equal to 33% of Executive's annual base salary at time of grant. The vesting schedule and performance requirements will be set per the MBTSOP.

Superannuation: The minimum contribution to superannuation required by the Australian legislation is 9% of gross annual base salary. The Company will contribute the required funds on the Executive's behalf.

Relocation and International Assignment Compensation: The Executive receives relocation and international assignment benefits on the same basis as other participants at his level, including, but not limited to, an annual living away from home allowance of AUD 29,400 (net), to be adjusted annually to offset the foreign exchange and cost of living between Sydney and Amsterdam; a housing allowance of Euros 6,000 per month; a one-time relocation allowance of AUD 62,500 to assist in the purchase of duplicate appliances and other costs that will be incurred while establishing a residence in Amsterdam.

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Exhibit 4.10

[JAMES HARDIE LOGO]

JAMES HARDIE INDUSTRIES NV

May 10, 2005

Mr. Benjamin Butterfield

Dear Ben,

We are excited to offer you an International Assignment as General Counsel of James Hardie Industries NV located in Amsterdam, Netherlands for a minimum of three (3) years. This assignment commences on or around May 23, 2005 or on the date of your official relocation to Amsterdam. The term of this international assignment may be extended by mutual agreement.

This letter sets forth the terms and conditions on which you are offered this assignment and your continued employment with James Hardie Industries, NV ("JHINV" or "the Company").

GENERAL TERMS AND CONDITIONS:

LOCATION OF SERVICE:	This position will be located at JHI NV's office in Amsterdam.
REPORTING RELATIONSHIP:	You will continue to report to Louis Gries, CEO of JHI NV.
DUTIES:	The duties of this position will be as set out in a separate document. You are expected to perform these duties to the best of your abilities and to devote your full business time and energy to the satisfactory performance of these duties.
REMUNERATION:	ANNUAL SALARY: Your annual base salary will continue to be US $300,000, less applicable withholding, and will be paid according to the standard payroll schedule. This salary will be reviewed in July of each year, starting July 2005 to determine if any adjustments are required. EXPATRIATE ALLOWANCE: On the basis that you will be living away from your usual place of residence, you will receive an expatriate allowance of US $19,000 per year, this allowance will be grossed up for taxes. This allowance will be adjusted annually based on the amount of time estimated to be spent in Amsterdam (currently estimated at 75%) and the amount of Goods and Services allowance provided by AIRINC required to off-set the foreign exchange and cost of living between California and Amsterdam. Your remuneration relies on the fact that you are living away from home and therefore you will be required to sign a declaration to that effect annually (see attached), which the company will retain with its records.
PERFORMANCE BONUS:	You will continue to be eligible for participation in the EP Incentive Plan in accordance with the terms of the Plan. Effective April 1, 2005, your annual target bonus payout is 65% of your annual base salary, split 80% based on company EP performance and 20% based on your personal performance.

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Exhibit 4.10

TAXATION ADVICE:	The Company will pay the costs of filing your US and Netherlands income tax returns as a consequence of your assignment to the Netherlands. These returns will be prepared by Ernst & Young.
VACATION AND HOME LEAVE:	ANNUAL VACATION: You will continue to accrue vacation at your current rate. Accrued vacation may be utilized during the assignment, with your Manager's approval. HOME LEAVE: During your assignment, the Company will pay for business class airfare for you to return to the United States twice per year.
CAR:	JHINV will provide a fully maintained automobile equivalent to the level of vehicle you could receive in the US for the maximum lease value of US $750/month for personal and business use (or allowance for such vehicle). Type of vehicle subject to approval by the CEO. LEASE CANCELLATION: The Company will pay the lease cancellation fees and any lost equity on your two (2) personal vehicles.
BENEFITS:	If you remain on or partially on, the US payroll you will continue to be eligible to participate in James Hardie Building Products, Inc's 401(K) plan and all Company paid insurance plans. US Social Security payments will continue to be deducted from your pay and paid on your behalf. If you are not eligible to participate in James Hardie Building Products' 401(K) plan or social security, the Company will pay to you directly the annual IRS maximum contribution to the 401(K), instead of the dollar for dollar match up to 6% of your pay up to the IRS maximum. You will continue to be eligible for all other GMT level benefits during your assignment, including but not limited to Business Class International Air travel and Executive Health and Wellness.
CONTINUED COMPLIANCE WITH COMPANY POLICIES:	During your assignment, you will be subject to and expected to comply with all James Hardie policies and agreements you have signed with the Company, unless stated otherwise in this letter. This includes any confidentiality, noncompetition, and assignment of inventions agreements that you have signed during your employment with the Company.
PERSONAL ACCIDENT INSURANCE:	The Company provides 24-hour business travel accident insurance for all international assignees.
GROUP HEALTH INSURANCE:	As an expatriate employee, you have the same Life, Medical, Dental, Vision and Disability benefits as US based employees of JHBP. If you require medical, dental or vision care during your assignment, the Company expects that you will make reasonable efforts to obtain that care while you are in the US on home leave, business trips, or vacation. However, in the event that you are required to obtain medical, dental or vision care in Amsterdam, your medical benefits will be paid at the PPO level of benefits for services rendered outside the US since the PPO Group Health Insurance Plan has no specific contracted providers in your region. Under such circumstances, the Company will pay the difference in fees/costs incurred by you under its group health insurance plan for services rendered by an out-of-network PPO provider.
RELOCATION CONDITIONS:	

IMMIGRATION:	The Company will process your residence and work permits as applicable. Your employment in Amsterdam will be contingent upon successfully attaining the appropriate permits.

Exhibit 4.10

TRANSFER OF PERSONAL EFFECTS:	SHIPPING: The reasonable cost of packing, freight and insurance in transit of your household goods and personal effects (excluding items of unique high value (e.g. pianos)) will be paid by JHINV. STORAGE: Items of value that are not shipped may be placed in commercial storage at the employee's home base. The Company will also cover the reasonable cost for storage, removal into storage and insurance on storage items of items of value not shipped.
PET TRANSPORT:	The Company will pay to transport your four (4) dogs to Amsterdam at an estimated cost of US $5000.
TEMPORARY LIVING EXPENSES:	Until your personal goods arrive in Amsterdam, the Company will pay for furniture rental at the new location for up to sixty (60) days.
ACCOMMODATION IN AMSTERDAM:	HOUSING ALLOWANCE: During your assignment in Amsterdam the Company will provide you with a net monthly housing allowance of 6,000 euros per month. This allowance will be paid through the Netherlands payroll. These funds are to cover the cost of housing during your assignment and your monthly housing utility costs (including all traditional utilities, power, water, cable and internet hook-up, and basic telephone service). You will be responsible for all your personal expenses - food, cleaning products, groceries, clothing, etc. VOLTAGE ALLOWANCE: The Company will provide a one-time gross lump sum Voltage Allowance of US$25,000. This allowance is to off-set the additional expenses you will incur during this relocation to Amsterdam. LEASE CANCELLATION: The Company will pay the lease cancellation fees on your current US apartment, which includes a $3,000 per month lease payment (for one month), plus any associated expenses incurred in terminating the lease early. Any loss of deposits as a result of your pets, or cleaning will not be covered by the Company.
LIABILITY FOR TAX PAYMENTS:	You will be tax equalized to the State of Florida for the period of your international assignment. Tax equalization is intended to ensure that you pay no more than you would have paid in taxes on covered income than had you not been assigned overseas. The tax liability you incur during your overseas assignment should be the same as that of a domestic employee under similar economic circumstances. You will be reimbursed for any U.S. or foreign taxes that you are required to pay beyond the U.S. and Florida taxes you would have incurred on your base salary, bonus (if any), imputed income from group life insurance, and any other covered income had you not accepted this overseas assignment. While you are on assignment, you will pay a hypothetical tax in lieu of actual tax liabilities. The hypothetical tax is intended to be representative of your tax responsibilities while on assignment. We will have Ernst & Young calculate the amount to be withheld.
TERM AND TERMINATION:	
TERM:	As stated above, this assignment is expected to last for a period of approximately three (3) years. This period will not be extended beyond approximately three (3) years except by the

mutual agreement of the parties. If an extension is agreed to by the parties, you and the Company will determine if the terms and conditions in this contract will continue to apply or if the Company will be converting you to a local package.

During your assignment with JHINV, you shall continue to remain an at-will employee. Thus, notwithstanding the term of this assignment, either you or the Company can terminate the employment relationship at any time and for any reason. However, in the event that you wish to terminate this assignment, we request that you provide your manager with one (1) months' notice in writing. JHBP will extend you the same courtesy with respect to this assignment, although it reserves the right to pay you one month's salary in lieu of notice. If your assignment is terminated by JH for breach of conditions applying to your employment, as defined below, your employment with the Company will terminate at the same time as your assignment and you will not be entitled to repatriation benefits, reinstatement or severance.

For purposes of this letter, you will be in breach of conditions applying to your employment for engaging in unlawful harassment or discrimination, substance abuse, theft, or dishonesty; falsification of any Company records; improper disclosure of the Company's confidential or proprietary information; any action by you which has a material detrimental effect on the Company's reputation or business; insubordination; your failure or inability to perform any assigned duties (which are in keeping with duties normally performed by a General Counsel) after reasonable notice from the Company of such failure or inability; or your conviction (including any plea of guilty or no contest) for any criminal act that impairs your ability to perform your duties under this agreement.

TERMINATION OF ASSIGNMENT:

In the event this assignment is terminated by JHINV or you, JHINV will pay reasonable repatriation costs for you and your belongings to the United States as described below, unless you were in breach of conditions applying to your employment.

If you are terminated by the Company prior to the completion of this assignment for breach of conditions applying to your employment, or you voluntarily terminate your assignment before the end of its term, you agree to pay back all relocation costs (pro-rated), which the Company has paid to you or for you associated with your relocation from the US to Amsterdam.

30% TAX RULING:

1) If and to the extent that you will be eligible for a tax-free reimbursement for extra-territorial expenses based on Article 9 of the 1965 Dutch Wage Tax Implementation Decree ('Uitvoeringsbesluit loonbelasting 1965'), it will be agreed that the remuneration for present employment ('loon uit tegenwoordige dienstbetrekking') as agreed with you will be reduced for labor law purposes in such a way that 100/70 of the thus agreed remuneration for present employment is equal to the originally agreed remuneration for present employment.

2) If and to the extent that part 1 is applied, you shall receive from the company a reimbursement for extra-territorial expenses equal to 30/70 of the thus agreed remuneration for present employment.

3) You are aware of the fact that adjustment of the agreed remuneration pursuant to part 1 may in view of the applicable regulations have consequences for all remuneration - related benefits and payments.

4) The "agreed remuneration for present employment " as described in part 1 concerns all the actual to-be-paid or to-be-provided remuneration for present employment as described in the 1964 Dutch Wage Tax Act and the provisions based on it.

If the Dutch tax authorities publish additional guidelines regarding the 30% - facility, this agreement will be adjusted accordingly, if necessary.

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REPATRIATION/REINSTATEMENT CONDITIONS:

REPATRIATION TO THE U.S.: If eligible for repatriation as described above, JHINV will pay reasonable repatriation costs for you to return to the United States, including return business class airfare between Amsterdam and California. JHINV will also pay reasonable costs associated with the shipment of your belongings from Amsterdam to California. In addition, you will be provided with tax assistance in relation to your return to the U.S.

Repatriation must occur within six (6) months of the termination of this international assignment for this clause to apply. The Company will not pay for any repatriation costs incurred by you beyond this six (6) month time frame.

This letter constitutes the entire agreement between you and the Company regarding the terms and conditions of your international assignment, and supersedes all prior negotiations, representations, or agreements between you and the Company regarding the same. This agreement is to be construed in accordance with the laws of the State of California. Any disputes arising out of this agreement shall be heard and determined in the State of California.

In acknowledging your agreement to the terms and conditions of this assignment, please sign and return to me the duplicate copy of this letter.

Yours sincerely,

/s/ Louis Gries

LOUIS GRIES
CHIEF EXECUTIVE OFFICER

I have read and understood this letter and hereby accept the international assignment to Amsterdam on the terms and conditions set forth herein.

Signed: /s/ Benjamin Butterfield

Benjamin Butterfield

Date: May 27, 2005

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EXHIBIT 4.11

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is made and entered into as of the __1st___ day of __SEPTEMBER_____, 2004 (the "EFFECTIVE DATE"), by and between JAMES HARDIE BUILDING PRODUCTS, INC., a California corporation (the "COMPANY") and DAVID MERKLEY, a resident of California (the "EXECUTIVE").

RECITALS

The Company and the Executive desire to enter into this Agreement to establish the terms and conditions of the Executive's employment by the Company during the term hereof.

The Executive will have responsibilities for activities in companies in the James Hardie group in addition to those owed to the Company - these companies together with the Company are referred to in this Agreement as the "Group".

AGREEMENT

NOW, THEREFORE, in consideration of the covenants contained herein, the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the conditions and covenants contained herein the parties agree as follows:

ARTICLE I
DUTIES

1.01 Duties. The Company hereby employs the Executive, and the Executive hereby accepts such employment, as the Company's Executive Vice President -- Engineering and Process Development upon the terms and subject to the conditions set forth in this Agreement. The Executive will report directly to the Chief Executive Officer and will be responsible, to the Chief Executive Officer, for various duties and functions, including but not limited to continued engineering advances and developments, new plant design and construction, and Pipes and Trim technology and manufacturing. The Executive shall perform such other or different duties and functions consistent with his role as Executive Vice President -- Engineering and Process Development as may from time to time be assigned to him by the Company's Chief Executive Officer or Board of Directors.

1.02 Other Business.

(a) During the term of this Agreement, the Executive agrees that during the course of the Company's business hours, he will devote the whole of his time, attention and efforts to the performance of his duties and obligations hereunder. The Executive shall not, during the term of this Agreement, engage in any activity which materially interferes with his performance of duties assigned the Executive hereunder.

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(b) The Executive shall not, during the term of this Agreement, without the written approval of the Chief Executive Officer and obtained in each instance, directly or indirectly (i) accept employment or receive any compensation for the performance of services from any business enterprise other than the Company or the Group, or (ii) enter into or be concerned or interested in any trade or business or public or private work (whether for profit or otherwise and whether as partner, principal shareholder or otherwise), which may, in the absolute discretion of the Chief Executive Officer, hinder or otherwise interfere with the performance by the Executive of his duties and obligations hereunder, except as a holder of not more than five percent (5%) of any class of stock or other securities in any company which is listed and or traded on any securities market. Nothing in this Section 1.02(b) prevents the Executive from carrying out up to 15 hours per week of unpaid employment with religious, not for profit or voluntary organizations.

ARTICLE II
TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until the Executive leaves employment with the Company for any reason, including but not limited to resignation, termination, death or disability. The provisions of Article V of the Agreement will continue in full force and effect after the termination of the Agreement in accordance with the provisions thereof.

ARTICLE III
COMPENSATION

During the term of this Agreement, the Company shall pay, or cause to be paid to the Executive in cash in accordance with the normal payroll practices of the Company for senior executive officers (including deductions withholdings and collections as required by law), the following:

3.01 Annual Base Salary. An annual base salary ("ANNUAL BASE SALARY") will be paid equal to Three Hundred Seven Thousand Dollars ($307,000) per year. Adjustments in Annual Base Salary, if any, shall be determined by the Company in its sole and absolute discretion, based upon annual reviews prior to March 31 of each year of the scope of the Executive's duties and Executive's performance of such duties.

3.02 Annual Bonus. A cash bonus (the "ANNUAL BONUS") to be paid each year pursuant to the Company's Economic Profit Bonus Plan, subject to the achievement of goals agreed by the Chief Executive Officer in accordance with this Section 3.02, at the same time bonuses are generally paid to other senior executives of the Company for the relevant fiscal year. Each year of the term of this Agreement the Chief Executive Officer shall approve objective and quantifiable annual goals which shall be reduced to writing and presented to the Executive on or before the sixtieth (60th) day after the Effective Date or the commencement of the Company's fiscal year, as appropriate. The targeted annual bonus shall be sixty-five percent (65%) of the Executive's Annual Base Salary on March 31, 2005 prorated from April 1, 2004 to the effective

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date of this agreement and ninety percent (90%) of the Executive's Annual Base Salary on March 31,from the effective date forward.

3.03 Gross Amounts. The Annual Base Salary and Annual Bonus set forth in this Article III shall be the gross amounts of such Annual Base Salary and Annual Bonus. The Executive is responsible for paying any and all taxes due on any amounts received by him as Annual Base Salary or Annual Bonus, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax.

ARTICLE IV
OTHER BENEFITS

4.01 Incentive Savings and Retirement Plans. The Executive shall be entitled to participate, during the term of this Agreement, in all incentive (including the Company's Equity Incentive Plan), savings and retirement plans, practices, policies and programs available to other senior executives of the Company. Any benefits received pursuant to this Section 4.01 shall be the gross amount of such benefits. The Executive is responsible for paying any and all taxes due on any benefits received pursuant to this Section 4.01, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax.

4.02 Welfare Benefits. Immediately upon the Effective Date and throughout the term of this Agreement, the Executive and/or the Executive's family, as the case may be, shall be entitled to participate in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company (including without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, dependent life, accidental death and travel accident insurance plans and programs) in accordance with the applicable provisions thereof, at a level that is equal to other senior executives of the Company. For the avoidance of doubt, the Executive's Accident, Death and Dismemberment cover will be a minimum three times the Executive's annual base salary, or such higher amount as is agreed by the Company.

4.03 Fringe Benefits. Immediately upon the Effective Date and throughout the term of this Agreement, the Executive shall be entitled to participate in all appropriate fringe benefit programs provided by the Company to its senior executives at comparable levels.

4.04 Expenses. During the term of this Agreement, the Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary travel and other business expenses incurred or paid by the Executive in connection with the performance of his services under this Agreement. The Executive shall be reimbursed upon the Company's receipt of accountings in accordance with practices, policies and procedures applicable to senior executives of the Company.

4.05 Vacation. The Executive shall be entitled to twenty (20) paid vacation days during each twelve (12) month period, beginning the Effective Date, during the term of this Agreement. Such paid vacation days shall accrue without cancellation, expiration or forfeiture.

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4.06 Car Allowance. The Company will either lease an automobile for business and personal use by the Executive, or, in the alternative, the Executive will be entitled to an automobile lease allowance not to exceed Seven Hundred Fifty Dollars ($750) per month during the term of this Agreement. Unused allowance or part thereof will be paid to the Executive. The Company shall be responsible for all costs relating thereto, including gasoline, repairs, maintenance and insurance. All automobile insurance policies for such automobile shall name the Company and the Executive as co-insureds. Personal taxation costs arising from the Executive's personal use of such automobile shall be the Executive's sole responsibility.

4.07 Annual Review. The Executive's benefits under this Article IV will be reviewed annually during the review process provided in Section 3.01 above.

ARTICLE V
RESTRICTIVE COVENANTS

5.01 Trade Secrets. Confidential and Proprietary Business Information.

(a) The Company has advised the Executive and the Executive has acknowledged that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Group. "Protected Information" means trade secrets, confidential and proprietary business information of the Group, any information of the Group other than information which has entered the public domain (unless such information entered the public domain through effects of or on account of the Executive), and all valuable and unique information and techniques acquired, developed or used by the Group relating to its business, operations, employees, customers and suppliers, which give the Group a competitive advantage over those who do not know the information and techniques and which are protected by the Group from unauthorized disclosure, including but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Group and any of their agents or employees.

(b) The Executive acknowledges that the Executive will acquire Protected Information with respect to the Group and its successors in interest, which information is a valuable, special and unique asset of the Group's business and operations and that disclosure of such Protected Information would cause irreparable damage to the Group.

(c) Either during or after termination of employment by the Company, the Executive shall not, directly or indirectly, divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of the Executive's employment) nor use in any manner, any Protected Information, or cause any such information of the Group to enter the public domain.

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5.02 Non-Competition

(a) The Executive agrees that the Executive shall not during the Executive's employment with the Company, and, in accordance with Sections 6.01(b), 6.02(b), and 6.03(c) for a period of at least two (2) years, and up to four (4) years at the Company's discretion (assuming exercise of the Company's rights under 7.01(b)), after the termination of this Agreement, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business as defined in Section 5.02(c).

(b) The Executive agrees that the Executive shall not during the Executive's employment with the Company, and, in accordance with Sections 6.01(b), 6.02(b), and 6.03(c) for a period of at least two years, and up to four (4) years at the Company's discretion (assuming exercise of the Company's rights under 7.01(b)), after the termination of this Agreement, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Nothing in this Section 5.02(b) shall, however, restrict the Executive from making any investment in any company whose stock is listed on a national securities exchange; provided that (i) such investment does not give the Executive the right or ability to control or influence the policy decisions of any Prohibited Business, and (ii) such investment does not create a conflict of interest between the Executive's duties hereunder and the Executive's interest in such investment.

(c) For purposes of this Section 5.02, "Prohibited Business" shall be defined as the business of:

(i) marketing or selling of fiber cement products, where the marketing or selling of such products is a principal activity of the business;

(ii) manufacturing or processing fiber cement products;

(iii) building, assembling, operating or maintaining plant and equipment, where that plant and equipment is particular to the manufacturing or processing of fiber cement products;

(iv) manufacturing or processing raw materials for fiber cement products where that manufacturing or processing is particular to the raw material used in fiber cement products;

(v) research or development activities relating to Section 5.02(c)(i)-(iv); and

and any branch, office or operation thereof, which is a competitor of the Company or which has established or seeks to establish contact, in whatever form (including, but not limited to solicitation of sales, or the receipt or submission of bids), with any entity who is at any time a client, customer or supplier of the Company (including but not limited to all subdivisions of the federal government.)

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5.03 Non-Solicitation. From the date hereof until at least two (2) years and up to four (4) years at the Company's discretion after the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly (a) encourage any employee or supplier of the Group or any of their successors in interest to leave his or her employment with the Group or any of their successors in interest, (b) employ, hire, solicit or cause to be employed, hired or solicited (other than by the Group or any of their successors in interest), or encourage others to employ or hire any person who within at least two (2) years, and up to four (4) years at the Company's discretion, prior thereto was employed by the Group or any of their successors in interest, or (c) establish a business with, or encourage others to establish a business with, any person who within at least two (2) years, and up to four (4) years at the Company's discretion, prior thereto was an employee or supplier of the Group or any of their successors in interest.

5.04 Disclosure of Employee-Created Trade Secrets Confidential and Proprietary Business Information. The Executive agrees to promptly disclose to the Company all Protected Information developed in whole or in part by the Executive during the Executive's employment with the Company and which relates to the Group's business. Such Protected Information is, and shall remain, the exclusive property of the Company. All writings created during the Executive's employment with the Company (excluding writings unrelated to the Company's business) are considered to be "works-for-hire" for the benefit of the Group and the Company shall own all rights in such writings.

5.05 Survival of Undertakings and Injunctive Relief

(a) The provisions of Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement shall survive both the termination of the Executive's employment with the Company and the termination of this Agreement irrespective of the reasons for such termination.

(b) The Executive acknowledges and agrees that the restrictions imposed upon the Executive by Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement and the purpose of such restrictions are reasonable and are designed to protect the Protected Information and the continued success of the Company without unduly restricting the Executive's future employment by others. Furthermore, the Executive acknowledges that, in view of the Protected Information which the Executive has or will acquire or has or will have access to and in view of the necessity of the restrictions contained in Sections 5.01, 5.02, 5.03 and 5.04, any violation of any provision of Sections 5.01, 5.02, 5.03 and 5.04 hereof would cause irreparable injury to the Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing the Executive consents and agrees that if the Executive violates any of the provisions of Sections 5.01, 5.02, 5.03 or 5.04 of this Agreement, the Company and its successors in interest as the case may be, shall be entitled, in addition to any other remedies that they may have, including money damages, to an injunction to be issued by a court of competent jurisdiction, restraining the Executive from committing or continuing any violation of such Sections of this Agreement.

In the event of any such violation of Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement, the Executive further agrees that the time periods set forth in such Sections shall be extended by the period of such violation.

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ARTICLE VI
TERMINATION

6.01 Termination of Employment by Voluntary Resignation /Death /Disability.

(a) The Executive's employment under this Agreement may be terminated:

(i) Upon voluntary resignation by the Executive in accordance with the notification requirement provided in Article IX;

(ii) Upon the death of the Executive, this Agreement and the Executive's employment hereunder shall terminate immediately and without notice by the Company; or

(iii) In the event of the inability of the Executive to perform his duties or responsibilities thereunder, as a result of a Permanent Disability (as defined below) upon written notice by the Company. A "Permanent Disability" occurs when for a period of ninety (90) consecutive calendar days, or an aggregate of one hundred twenty (120) calendar days during any calendar year (whether or not consecutive) the Executive is unable to perform his duties or responsibilities hereunder as a result of a mental or physical ailment or incapacity. Upon the occurrence of a Permanent Disability, the Company will evaluate the Executive's condition and determine whether or not to send written notice of such Executive's termination.

(b) Upon termination pursuant to this Section 6.01(a)(i), the Executive shall not be entitled to payment of any compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company and the Executive agree that the Company shall continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after the Executive's voluntary resignation, and the Executive agrees not to violate the provisions of Section 5.02 for an equivalent period.

(c) Upon termination pursuant to this Section 6.01(a)(ii) above, the Company shall pay or grant, to such person as the Executive designates in a notice filed with the Company, or, if no such person shall be designated, to the Executive's estate as a lump sum death benefit, an amount equal to any compensation under this Agreement earned up to the date of such termination, including salary and any accrued but unpaid vacation days. In addition, any stock options or warrants which have vested at the time such termination will be exercisable by the Executive's estate in accordance with the Company's Equity Incentive Plan. The Executive's designated beneficiary or the executor of the Executive's estate, as the case may be, shall accept the payment provided for in this Paragraph 6.01(c) in full discharge and release of the Company of and from any further obligations under this Agreement.

(d) Upon termination pursuant to Section 6.01(a)(iii) above, the Executive shall be entitled to the benefit of disability or other relevant insurance or benefits provided pursuant to Section 4.02 above. The Executive shall not be entitled to payment of any

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compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company, in its sole and absolute discretion, may decide to continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after the Executive's voluntary resignation, in return for the Executive not violating the provisions of Section 5.02 for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment.

6.02 Termination for Cause. (a) The Company may terminate the Executive's employment for Cause by giving the Executive written notice of such termination. For purposes of this Agreement, "Cause" for termination shall mean:

(i) the willful failure or refusal to carry out the reasonable directions of the Chief Executive Officer or Board of Directors, which directions are consistent with the Executive's duties as set forth under this Agreement;

(ii) a willful act by the Executive that constitutes gross negligence in the performance of the Executive's duties under this Agreement and which materially injures the Company. No act, or failure to act, by the Executive shall be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest; or

(iii) a conviction for a violation of a state or federal criminal law involving the commission of a felony or other crime involving moral turpitude.

(b) Upon termination for Cause, the Executive shall not be entitled to payment of any compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company and the Executive agree that the Company shall continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after such termination for Cause, and the Executive agrees not to violate the provisions of Section 5.02 for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment.

6.03 Termination Without Cause or Termination by Executive for Good Reason. Should the Executive's employment be terminated for a reason other than as specifically set forth in Sections 6.01 or 6.02 above, whether terminated by the Company or terminated by the Executive for Good Reason (as defined below):

(a) the Company shall pay the Executive an amount equal to 1.5 times the Annual Base Salary applying as at the date of termination, paid in accordance with Section 6.03(c) below.

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(b) the Company shall pay the Executive an amount equal to 1.5 times the Average Annual Bonus actually paid to the Executive in accordance with Section 6.03(c) below. For purposes of this Section 6.03, Average Annual Bonus shall mean the aggregate Annual Bonus actually paid to the Executive by the Company, including the bonus bank amounts actually paid out to the Executive, over the last three years immediately preceding the year of such termination divided by three.

(c) the Company shall pay the amounts specified in each of Sections 6.03(a) and (b) above in monthly installments, in accordance with the Company's normal payroll practices for other senior executives, for the period of eighteen months following such termination, in return for the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment. In addition, the Company and the Executive agree that the Company shall continue to pay the Executive additional amounts equal to his Annual Base Salary as of the date of termination of employment in accordance with the Company's normal practices for other senior executives, for up to two (2) years following the Executive's termination, and the Executive agrees not to violate the provisions of Section 5.02 above for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims at that time.

(d) all of the stock options, warrants, retirement benefits and other similar rights, if any, granted by the Company to the Executive which are vested at the date of the termination of the Executive's employment shall remain vested. All stock options that will vest between the date of such termination of employment and the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs), will continue to vest on the vest dates stipulated in the grant document. All stock options unvested as of the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs) will immediately expire. All stock options vested as of the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs) will remain exercisable until the earlier of (i) the date such Stock Options would expire in accordance with their terms, and (ii) 90 days after the date of completion of the Consulting Agreement and/or violation of Section 5.02 above.

(e) all health and medical benefits shall continue for the remainder of the term of this Agreement; and the Company will pay the Executive's premium for continued coverage for medical, dental and vision benefits, if applicable, under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") for himself and, if applicable, his covered dependents for up to eighteen months following the date of the termination of Executive's employment, in accordance with the provisions of COBRA, for a period of up to eighteen months following the termination of the Executive's employment.

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The term "Good Reason," in connection with the termination by the Executive of his employment with the Company shall mean:

(i) A diminution in the responsibilities, title or office of the Executive such that he does not serve as an executive officer of the Company (which diminution was not for Cause or the result of the Executive's disability); or

(ii) A reduction by the Company in the Executive's Annual Base Salary to less than (a) $307,000, or (b) the Executive's Annual Base Salary at the time of such reduction.

6.04 No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in Section 6.03 above by seeking other employment or otherwise, nor shall the amount of any payment provided for in Section 6.03 be reduced by any compensation earned by the Executive as a result of employment by another company, self-employment or otherwise.

ARTICLE VII
POST-TERMINATION CONSULTING PERIOD

7.01 In addition to the matters set forth in Article VI above, upon the termination of the Executive's employment, the Company and the Executive agree to:

(a) Consult to the Company for two years for up to 100 hours/year and agrees not to violate Section 5.02 above, in exchange for the payment of the Executive's annual target bonus amount (paid in monthly installments), in accordance with the terms of the standard James Hardie Consulting Agreement, a copy of which is attached ("Consulting Agreement").

(b) Additionally, the Company may elect to extend this Consulting Agreement for an additional two years, and the Executive will agree to such extension, in exchange for the amount equal to the annual base salary and target bonus for each year of extension.

ARTICLE VIII
RELEASE

8.1 As a material inducement for the Company to provide compensation and certain benefits described in the Agreement, Executive, on his own behalf and on behalf of his spouse, heirs, executors, administrators, successors, and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Group and each of their predecessors, successors, assigns, agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, welfare benefit plans, divisions, subsidiaries, parent companies, affiliates (and agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, and welfare benefit plans of such divisions, subsidiaries, parent companies and affiliates), and all persons acting by, through, under or in concert with any of them (collectively, "Releasees"), or any of them from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) (collectively, "Claims") of any nature whatsoever known or unknown, suspected or unsuspected, including but not limited to Claims arising under any compensation plan, welfare benefit plan,

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contract, agreement or understanding, whether express or implied, any tort or other cause of action, including but not limited to those arising under federal, state or local laws prohibiting age, sex, disability or other forms of discrimination, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Americans With Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, as amended, the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, the Fair Employment and Housing Act, any regulations thereunder, state or federal common law, or any other duty or obligation of any kind or description whether express or implied, which Claims relate to arise out of the Executive's change in role as set out in this Agreement, and which Executive now has, owns or holds or claims to have, own or hold or which Executive at any time heretofore has owned or held or claimed to have, own or hold or claim to have, own or hold against each or any of the Releasees, except claims arising under any applicable bonus plan, pension benefit plan, medical benefit plan, dental benefit plan, or vision benefit plan in which the Executive is participating as of the date of this Agreement. The foregoing provision in this Paragraph 8.1 shall not apply to activities that are permitted under applicable law, except that Executive acknowledges that he has irrevocably waived any right to recovery against the Releasees in connection with such activities, or otherwise. This Release is not intended to restrict either Executive's or the Company's rights and obligations to abide by and/or enforce the terms and conditions of this Agreement. For the avoidance of doubt, the release set out in this Article VIII applies solely to Claims which relate to arise out of the Executive's change in role as set out in this Agreement.

8.2 As a condition of this Release, Executive waives all rights arising under Section 1542 of the Civil Code of the State of California against Releasees. Section 1542 provides as follows:

> A General Release does not extend to claims which a creditor does not know or suspect to exist in his favor as of the time of executing the Release which if known by him must have materially affected his settlement with the debtor.

Notwithstanding the provisions of Section 1542 and for the purpose of implementing the full and complete release and discharge of the liability of all Releasees described in Paragraph 8.1 above as of the effective date of the Agreement, Executive expressly acknowledges that the Release is intended to include and does include in its effect without limitation all Claims which Executive does not know or expect to exist in his favor against Releasees as of the time of the effective date of this Release and that this Release expressly contemplates the extinguishment of any such Claims, including attorneys' fees and costs.

8.3 Executive acknowledges that he has been encouraged to consult with an attorney before signing this Agreement, and that he may return the signed Agreement to the Company during the period beginning with his receipt of the Agreement and ending, without Executive's revocation, twenty-one (21) days from the date Executive receives it. If Executive does sign this Agreement, Executive acknowledges that he will have seven (7) days after he executes it to voluntarily decide to revoke it, and it will not become effective until seven (7) days has expired,

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without Executive's revocation, from the date Executive voluntarily chose to execute it. Executive further acknowledges that he has read this Article VIII carefully and that he knowingly and voluntarily agrees to accept the terms and conditions set forth in the Agreement, as consideration for the Release described herein. Executive further acknowledges that he was provided twenty-one (21) days within which to consider the terms of the Release, including seeking counsel, and that the consideration described within the Agreement is sufficient and adequate consideration for the Release as it reflects compensation and benefits above and beyond those to which Executive is entitled as of the date of this Release.

ARTICLE IX
MISCELLANEOUS

9.01 Assignment, Successors. This Agreement, or any right or interest herein, may not be assigned by either party hereto, whether by operation of law or otherwise, without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the Executive and the Executive's estate and the Company and any assignee of or successor to the Company.

9.02 Severability. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any paragraph or part of a paragraph so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such paragraph or part of a paragraph to the fullest extent possible while remaining lawful and valid.

9.03 Amendment and Waiver. This Agreement shall not be altered, amended or modified except by written instrument executed by the Company and the Executive. A waiver of any term, covenant, agreement or condition contained in this Agreement shall not be deemed a waiver of any other term, covenant, agreement or condition and any waiver of any other term, covenant, agreement or condition, and any waiver of any default in any such term, covenant, agreement or condition shall not be deemed a waiver of any later default thereof or of any other term, covenant, agreement or condition.

9.04 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by a reputable overnight courier service or five (5) days following deposit in the U.S. mail (if sent by registered or certified mail, return receipt requested, postage prepaid), in each case duly addressed to the party to whom such notice or communication is to be given as follows:

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If to the Company:	JAMES HARDIE BUILDING PRODUCTS INC. Attn: CEO 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
With a copy to:	VP HR 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
If to the Executive:	DAVID MERKLEY c/o James Hardie Building Products Inc. 26300 La Alameda, Suite 250 Mission Viejo, California 92614 Fax: (949) 367-1294

Either party may from time to time designate a new address by notice given in accordance with this Section. Notice and communications shall be effective when actually received by the addressee.

9.05 Counterpart Originals. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

9.06 Entire Agreement. This Agreement forms the entire agreement between the parties hereto with respect to any severance payment and with respect to the subject matter contained in the Agreement.

9.07 Applicable Law. The provisions of this Agreement shall be interpreted and construed in accordance with the laws of the state of California, without regard to its choice of law principles.

9.08 Effect on Other Agreements. This Agreement shall terminate and supersede all prior agreements, promises and representations regarding the terms and conditions of the Executive's employment by the Company, James Hardie Industries N.V., or any of their subsidiaries or affiliates, and any severance or other payments contingent upon termination of employment, including but not limited to a certain Employment Agreement by and between the Company and the Executive, made and entered into as of the 9th day of October, 2002.

9.09 Extension or Renegotiation. The parties hereto agree that at any time prior to the expiration of this Agreement, they may extend or renegotiate this Agreement upon mutually agreeable terms and conditions.

9.10 Legal Fees; Arbitration. The parties hereto expressly agree that in the event of any dispute, controversy or claim by any party regarding this Agreement, the prevailing party

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shall be entitled to reimbursement by the other party to the proceeding of reasonable attorney's fees, expenses and costs incurred by the prevailing party. Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement or otherwise arising out of the execution hereof, including any claim based on contract, tort or statute, shall be resolved, at the request of any party, by submission to binding arbitration at the Orange County, California offices of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), and any judgment or award rendered by JAMS shall be final, binding and unappealable, and judgment may be entered by any state or federal court having jurisdiction thereof. Any party can initiate arbitration by sending written notice of intention to arbitrate (the "DEMAND") by registered or certified mail to all parties and to JAMS. The Demand shall contain a description of the dispute, the amount involved, and the remedy sought. The arbitrator shall be a retired or former judge agreed to between the parties from the JAMS' panel. If the parties are unable to agree, JAMS shall provide a list of three available judges and each party may strike one. The remaining judge shall serve as the arbitrator. Each party hereto intends that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. In her award, the arbitrator shall allocate, in her discretion, among the parties to the arbitration all costs of the arbitration, including the fees of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The parties hereto agree to comply with any award made in any such arbitration proceedings that has become final and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding becoming final.

IN WITNESS WHEREOF the parties have executed this Employment Agreement on the date first written above.

JAMES HARDIE BUILDING PRODUCTS INC.,
a California corporation

By: /s/ Louis Gries

Name: Louis Gries
Title: President

DAVID MERKLEY, an individual

/s/ David J. Merkley

David Merkley

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CONSULTING AGREEMENT

This Agreement is entered into on the later date this Agreement is signed by the parties by and between James Hardie Building Products, Inc., a Nevada corporation, with its principal place of business at 26300 La Alameda, Mission Viejo, California 92691 ("Company") and the consultant named in Exhibit A ("Consultant").

In consideration of the mutual covenants and agreements contained herein, the adequacy and sufficiency of which is acknowledged, the parties agree as follows:

ARTICLE 1. SCOPE OF SERVICES. As directed by Company, Consultant shall utilize its expertise to perform consulting and advisory services ("Services") regarding various business operations and opportunities in which Company may have an interest. The Services shall be rendered on an "as needed" basis and, Consultant shall use its best efforts to make the Services available to Company at times requested by Company. Consultant's responsibilities and milestones for achieving the Services are stated in Exhibit A.

ARTICLE 2. FEES, PAYMENT, DISPUTE RESOLUTION. Unless specified otherwise in Exhibit A, the following terms regarding fees and payment shall apply. Company shall pay Consultant for time spent performing Services at the rates set forth in Exhibit A upon full and satisfactory performance of the Services. Company agrees to reimburse Consultant for all reasonable out of pocket expenses incurred by the Consultant in connection with the Services provided hereunder. Invoices shall be submitted by Consultant to Company as soon as practical after the end of each month and Company agrees to pay Consultant for amounts due for such invoices within thirty (30) days of Company's receipt of such invoice. Invoices shall provide sufficient detail and shall be in a format acceptable to Company. If Company reasonably disputes any of the fees charged, Company shall not pay the amount in dispute but shall notify Consultant of the amount and reason for the dispute. The parties shall attempt in good faith to settle the dispute by discussions between themselves. If the dispute remains unresolved after eight weeks after Company notifies Consultant of the dispute, the parties are free to pursue all available legal remedies.

ARTICLE 3. EFFECTIVE DATE, TERM AND TERMINATION. Unless specified otherwise in Exhibit A, this Agreement shall become effective on the date last written below and shall continue to be in effect month-to-month thereafter unless canceled as hereinafter provided and either party may terminate this Agreement at the end of any month by giving the other party written notice of such termination at least ten (10) days prior to the effective date of termination; provided, however, that Company may terminate this Agreement for cause immediately upon written notice to Consultant. Termination of the Agreement by Company does not waive any claims for damages which it may have against Consultant for failure to perform or insufficient performance.

ARTICLE 4. INSURANCE. Consultant shall carry comprehensive general liability and automobile liability insurance and, if applicable, workers' compensation and errors and omissions insurance. The minimum limits for the comprehensive general liability coverage shall be bodily injury $3,000,000 per occurrence, and property coverage $3,000,000 per occurrence. The minimum limits for the automobile liability coverage shall be bodily injury $1,000,000 per occurrence, and property damage $1,000,000 per occurrence. All policies of insurance shall be with a company or companies acceptable to the Company and Consultant shall provide to Company upon execution of this Agreement and upon Company's request, a certificate of insurance demonstrating that proper coverages are in place.

ARTICLE 5. CONSULTANT'S AUTHORITY. Consultant is an independent contractor, not an agent or employee of Company. Consultant has no authority to enter into any contract or incur any other obligation on behalf or in the name of Company. Consultant shall be solely responsible for all of its own employees and expenses.

ARTICLE 6. INDEMNIFICATION. Consultant shall indemnify and hold harmless Company, its affiliates, agents and employees from and against all actions, claims, demands, liabilities, damages, losses, costs and expenses (including, but not limited to, attorney's fees and those arising in any bankruptcy or insolvency proceeding) which relate to personal or bodily injury, sickness, disease, death or injury or damage to property of any kind (including, without limitation, the loss of use thereof) and any breach by Consultant of the terms of this Agreement ("Claims") where such Claims arise out of, or by reason of, an act or omission of Consultant, its employees or agents.

ARTICLE 7. WARRANTY. Consultant warrants that: (a) the Services shall be performed in a good and workmanlike manner in accordance with established professional standards for such services and the best practices in Consultant's industry, (b) the Services and any reports, advice and other products of Consultant's Services shall comply

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with all applicable laws, regulations, codes and ordinances, and (c) to the extent that the Services involve delivery of "Technology" to Company, use of such Technology by Company does not infringe or violate any patent, copyright, trade secret or other proprietary right of any person or entity and, to the extent that the Services involve development of Technology, such Technology is a "work made for hire" (or if for any reason the Technology is deemed to not be a "work made for hire," Consultant hereby assigns all its rights in such Technology to Company) and Company shall have full and clear title to any and all Technology resulting from the Services (except as provided in Exhibit A) and shall be able to use any and all such Technology without liability and without restriction. "Technology" includes such things as, without limitation, software programs developed by Consultant as part of the Services. If Consultant fails to comply with this warranty, Company may, in addition to exercising any of its other rights and remedies under this Agreement or otherwise at law, require that Consultant perform the Services again, properly and at no additional expense to Company.

ARTICLE 8. OWNERSHIP OF PRODUCTS OF SERVICES. All reports, data, ideas, information and other products of the Services delivered by Consultant to Company hereunder or developed by Consultant in performing the Services shall be the sole and exclusive property of Company and shall be deemed "work made for hire" with Company receiving ownership of copyright therein. Consultant hereby assigns all such rights to Company.

ARTICLE 9. MAINTENANCE OF RECORDS. Consultant shall maintain accurate records, sufficient and acceptable to Company, pertaining to the Services and agrees to retain all such records for at least three years after completion of Services. Any representative(s) authorized by Company may audit transactions related hereto for the purpose of determining whether there has been compliance with this Agreement.

ARTICLE 10. CONFIDENTIALITY.

10.1 The term "Confidential Information" means all information which Consultant receives before, during and after the engagement hereunder which: (a) is provided to Consultant by Company or an affiliate company that concerns or relates to any aspect of the business of Company or an affiliate company; or (b) is, for any reason, identified and treated as confidential by the Company and/or its affiliate companies. Confidential Information does not include such information which Consultant can prove, by clear and convincing evidence: (c) at the time of this Agreement is publicly and openly known and in the public domain; (d) after the date of this Agreement becomes publicly and openly known and in the public domain through no fault of Consultant; or (e) is in Consultant's possession and documented prior to this Agreement, lawfully obtained by Consultant other than from the Company and not subject to any obligation of confidentiality.

10.2 Consultant understands and acknowledges that the Confidential Information is being revealed to Consultant in strict confidence solely for the purpose of allowing Consultant to perform the Services. Consultant shall not use, or induce others to use, any Confidential Information for any other purpose whatsoever nor at any time directly or indirectly print, copy or otherwise reproduce, in whole or in part, any Confidential Information without the prior written consent of Company.

10.3 Consultant shall not disclose or reveal any Confidential Information to anyone except those of Consultant's employees with a definable need to know such Confidential Information. Prior to revealing or disclosing Confidential Information to such employees, Consultant shall require the employees to agree to and be bound by the terms of this Agreement.

10.4 Upon completion of the Services, or upon request of Company, Consultant shall deliver to Company all Confidential Information embodied in tangible form. Consultant shall deliver to Company all originals and copies of documents, data, software, programs and things, including all recordings on electronic, magnetic optical or other media, and all listings, comprising or embodying Confidential Information and shall not take or retain any copies thereof. The confidentiality provision herein shall survive termination of this Agreement and Confidential Information shall be held as confidential until it is no longer Confidential Information as provided herein.

10.5 Consultant acknowledges that any unauthorized disclosure or use of Confidential Information to which it is given access by virtue of this Agreement would cause Company immediate and irreparable injury or loss. Accordingly, Consultant acknowledges and agrees that in the event of a breach or threatened breach by Consultant of any provision of this Agreement, Company shall be entitled to preliminary and permanent injunctive relief, without the need to post a bond, restraining Consultant from the disclosure or unauthorized use of any Confidential Information.

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10.6 The terms of this confidentiality provision supplement the terms of any separate confidentiality agreement signed by the parties, regardless of any integration clause, and if there is any conflict in such terms, the provision providing the most protection to the Confidential Information shall be applied.

ARTICLE 11. NON-COMPETITION.

(a) The Consultant agrees that the Consultant shall not during the Consulting Agreement with the Company, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business as defined in Article 11(c).

(b) The Consultant agrees that the Consultant shall not during the Consulting Agreement with the Company, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Nothing in this Article 11(b) shall, however, restrict the Consultant from making any investment in any company whose stock is listed on a national securities exchange; provided that (i) such investment does not give the Consultant the right or ability to control or influence the policy decisions of any Prohibited Business, and (ii) such investment does not create a conflict of interest between the Consultant's duties hereunder and the Consultant's interest in such investment.

(c) For purposes of this Article 11, "Prohibited Business" shall be defined as the business of:

(i) marketing or selling of fiber cement products, where the marketing or selling of such products is a principal activity of the business;

(ii) manufacturing or processing fiber cement products;

(iii) building, assembling, operating or maintaining plant and equipment, where that plant and equipment is particular to the manufacturing or processing of fiber cement products;

(iv) manufacturing or processing raw materials for fiber cement products where that manufacturing or processing is particular to the raw material used in fiber cement products;

(v) research or development activities relating to Article 11(c)(i)-(iv); and

and any branch, office or operation thereof, which is a competitor of the Company or which has established or seeks to establish contact, in whatever form (including, but not limited to solicitation of sales, or the receipt or submission of bids), with any entity who is at any time a client, customer or supplier of the Company (including but not limited to all subdivisions of the federal government.)

ARTICLE 12. NO ASSIGNMENT. Consultant shall not assign part or all of this Agreement without Company's prior written consent. Any independent contractors or consultants which Consultant engages to perform Services hereunder, and the specific portion of the Services they will perform, must be approved by the prior written consent of Company.

ARTICLE 13. SAFETY COMPLIANCE. Consultant agrees to comply with all Company health and safety guidelines and requirements while on Company property.

ARTICLE 14. GOVERNMENT CONTRACTS. If compensation to Consultant under this Agreement exceeds $10,000 and is in furtherance of a U.S. Government contract or subcontract, the provisions of the Equal Opportunity Clause as promulgated by Section 202 of Executive Order 11246, dated September 24, 1965, as amended, are incorporated herein by reference. Consultant also agrees to comply with all applicable local, state and federal laws and executive orders and regulations issued pursuant thereto, including any such rules which may be applicable to this Agreement as a U.S. Government subcontract.

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ARTICLE 15. INDEPENDENT CONTRACTOR STATUS. Consultant and Company acknowledge that Consultant is engaged under this Agreement as an independent contractor, and not an employee, of Company. Consultant and Company further acknowledge that Consultant retains control over the method and manner in which the Services are to be performed under the Agreement. Consultant and Company further acknowledge that as an independent contractor, all taxes due to federal, state and local authorities are the sole responsibility of the Consultant. The Consultant agrees that it will indemnify and hold Company harmless for any tax liabilities that may arise as a consequence of this Agreement, and understands as a consideration of this Agreement that it must remain in compliance with all laws and regulations applicable to business entities or otherwise.

ARTICLE 16. MISCELLANEOUS. This Agreement, including Exhibit A and any attachments thereto, constitutes the entire agreement between the parties and supersedes all prior oral or written representations, understandings, covenants and agreements relating to the subject hereof, except the Employment Agreement made and entered the 1st day of Sept, 2004 by and between James Hardie Building Products, Inc. and David Merkley, and, except as otherwise set forth herein, may be amended only by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its conflict of laws principles. Consultant agrees and hereby submits to the jurisdiction of the courts for the State of California in the County of Orange. Any provision herein held to be invalid, unenforceable, void or illegal, in whole or in part, by any tribunal of competent jurisdiction, shall be severed from this Agreement and replaced by a provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable provision. All remedies provided herein are cumulative and in addition to any other available remedy. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute one and the same document. This Agreement may not be modified except by a subsequent writing executed by the parties. This Agreement will be interpreted as if written jointly by the parties. This Agreement will benefit the affiliates, successors and assigns of Company, and will be binding upon the affiliates, successors and assigns of Consultant.

CONSULTANT	COMPANY
/s/ David J. Merkley	/s/ Louis Gries
(signature)	(signature)
By: David J. Merkley	By: Louis Gries
(print name)	(print name)
Title: EVP - Engineering	Title: Chief Executive Officer
Date: September 1, 2004	Date: March 31, 2005

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EXHIBIT A

1. Name of Consultant:

Name _____

Address _____

Individual OR corporation incorporated in _____
(state) (insert line through entity NOT used or delete)

2. Consultant responsibilities and milestones:

3. Fee and Payment Terms:

a. Hourly Rates:

Employees of Consultant Hourly Rate ($/Hour)

b. Cap on hourly rates if other than 2% annually:

c. Other:

4. Term and termination:

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EXHIBIT 4.12

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "AGREEMENT") is made and entered into as of the __1st___ day of __SEPTEMBER_____, 2004 (the "EFFECTIVE DATE"), by and between JAMES HARDIE BUILDING PRODUCTS, INC., a California corporation (the "COMPANY") and DON MERKLEY, a resident of California (the "EXECUTIVE").

RECITALS

The Company and the Executive desire to enter into this Agreement to establish the terms and conditions of the Executive's employment by the Company during the term hereof.

The Executive will have responsibilities for activities in companies in the James Hardie group in addition to those owed to the Company - these companies together with the Company are referred to in this Agreement as the "Group".

AGREEMENT

NOW, THEREFORE, in consideration of the covenants contained herein, the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the conditions and covenants contained herein the parties agree as follows:

ARTICLE I
DUTIES

1.01 Duties. The Company hereby employs the Executive, and the Executive hereby accepts such employment, as the Company's Executive Vice President -- Research and Development upon the terms and subject to the conditions set forth in this Agreement. The Executive will report directly to the Chief Executive Officer and will be responsible, to the Chief Executive Officer, for various duties and functions, including but not limited to continued research advances and developments in design, construction, technology and manufacturing. The Executive shall perform such other or different duties and functions consistent with his role as Executive Vice President -- Research and Development as may from time to time be assigned to him by the Company's Chief Executive Officer or Board of Directors.

1.02 Other Business.

(a) During the term of this Agreement, the Executive agrees that during the course of the Company's business hours, he will devote the whole of his time, attention and efforts to the performance of his duties and obligations hereunder. The Executive shall not, during the term of this Agreement, engage in any activity which materially interferes with his performance of duties assigned the Executive hereunder.

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(b) The Executive shall not, during the term of this Agreement, without the written approval of the Chief Executive Officer and obtained in each instance, directly or indirectly (i) accept employment or receive any compensation for the performance of services from any business enterprise other than the Company or the Group, or (ii) enter into or be concerned or interested in any trade or business or public or private work (whether for profit or otherwise and whether as partner, principal shareholder or otherwise), which may, in the absolute discretion of the Chief Executive Officer, hinder or otherwise interfere with the performance by the Executive of his duties and obligations hereunder, except as a holder of not more than five percent (5%) of any class of stock or other securities in any company which is listed and or traded on any securities market. Nothing in this Section 1.02(b) prevents the Executive from carrying out up to 15 hours per week of unpaid employment with religious, not for profit or voluntary organizations.

ARTICLE II
TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until the Executive leaves employment with the Company for any reason, including but not limited to resignation, termination, death or disability. The provisions of Article V of the Agreement will continue in full force and effect after the termination of the Agreement in accordance with the provisions thereof.

ARTICLE III
COMPENSATION

During the term of this Agreement, the Company shall pay, or cause to be paid to the Executive in cash in accordance with the normal payroll practices of the Company for senior executive officers (including deductions withholdings and collections as required by law), the following:

3.01 Annual Base Salary. An annual base salary ("ANNUAL BASE SALARY") will be paid equal to Three Hundred Thirty Eight Thousand Dollars ($338,000) per year. Adjustments in Annual Base Salary, if any, shall be determined by the Company in its sole and absolute discretion, based upon annual reviews prior to March 31 of each year of the scope of the Executive's duties and Executive's performance of such duties.

3.02 Annual Bonus. A cash bonus (the "ANNUAL BONUS") to be paid each year pursuant to the Company's Economic Profit Bonus Plan, subject to the achievement of goals agreed by the Chief Executive Officer in accordance with this Section 3.02, at the same time bonuses are generally paid to other senior executives of the Company for the relevant fiscal year. Each year of the term of this Agreement the Chief Executive Officer shall approve objective and quantifiable annual goals which shall be reduced to writing and presented to the Executive on or before the sixtieth (60th) day after the Effective Date or the commencement of the Company's fiscal year, as appropriate. The targeted annual bonus shall be sixty-five percent (65%) of the Executive's Annual Base Salary on March 31, 2005 prorated from April 1, 2004 to the effective

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date of this agreement and ninety percent (90%) of the Executive's Annual Base Salary on March 31, from the effective date forward.

3.03 Gross Amounts. The Annual Base Salary and Annual Bonus set forth in this Article III shall be the gross amounts of such Annual Base Salary and Annual Bonus. The Executive is responsible for paying any and all taxes due on any amounts received by him as Annual Base Salary or Annual Bonus, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax.

ARTICLE IV
OTHER BENEFITS

4.01 Incentive Savings and Retirement Plans. The Executive shall be entitled to participate, during the term of this Agreement, in all incentive (including the Company's Equity Incentive Plan), savings and retirement plans, practices, policies and programs available to other senior executives of the Company. Any benefits received pursuant to this Section 4.01 shall be the gross amount of such benefits. The Executive is responsible for paying any and all taxes due on any benefits received pursuant to this Section 4.01, including, but not limited to, any income tax, social security tax, Medicare tax or capital gains tax.

4.02 Welfare Benefits. Immediately upon the Effective Date and throughout the term of this Agreement, the Executive and/or the Executive's family, as the case may be, shall be entitled to participate in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company (including without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, dependent life, accidental death and travel accident insurance plans and programs) in accordance with the applicable provisions thereof, at a level that is equal to other senior executives of the Company. For the avoidance of doubt, the Executive's Accident, Death and Dismemberment cover will be a minimum three times the Executive's annual base salary, or such higher amount as is agreed by the Company.

4.03 Fringe Benefits. Immediately upon the Effective Date and throughout the term of this Agreement, the Executive shall be entitled to participate in all appropriate fringe benefit programs provided by the Company to its senior executives at comparable levels.

4.04 Expenses. During the term of this Agreement, the Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary travel and other business expenses incurred or paid by the Executive in connection with the performance of his services under this Agreement. The Executive shall be reimbursed upon the Company's receipt of accountings in accordance with practices, policies and procedures applicable to senior executives of the Company.

4.05 Vacation. The Executive shall be entitled to twenty (20) paid vacation days during each twelve (12) month period, beginning the Effective Date, during the term of this Agreement. Such paid vacation days shall accrue without cancellation, expiration or forfeiture.

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4.06 Car Allowance. The Company will either lease an automobile for business and personal use by the Executive, or, in the alternative, the Executive will be entitled to an automobile lease allowance not to exceed Seven Hundred Fifty Dollars ($750) per month during the term of this Agreement. Unused allowance or part thereof will be paid to the Executive. The Company shall be responsible for all costs relating thereto, including gasoline, repairs, maintenance and insurance. All automobile insurance policies for such automobile shall name the Company and the Executive as co-insureds. Personal taxation costs arising from the Executive's personal use of such automobile shall be the Executive's sole responsibility.

4.07 Annual Review. The Executive's benefits under this Article IV will be reviewed annually during the review process provided in Section 3.01 above.

ARTICLE V
RESTRICTIVE COVENANTS

5.01 Trade Secrets. Confidential and Proprietary Business Information.

(a) The Company has advised the Executive and the Executive has acknowledged that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Group. "Protected Information" means trade secrets, confidential and proprietary business information of the Group, any information of the Group other than information which has entered the public domain (unless such information entered the public domain through effects of or on account of the Executive), and all valuable and unique information and techniques acquired, developed or used by the Group relating to its business, operations, employees, customers and suppliers, which give the Group a competitive advantage over those who do not know the information and techniques and which are protected by the Group from unauthorized disclosure, including but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Group and any of their agents or employees.

(b) The Executive acknowledges that the Executive will acquire Protected Information with respect to the Group and its successors in interest, which information is a valuable, special and unique asset of the Group's business and operations and that disclosure of such Protected Information would cause irreparable damage to the Group.

(c) Either during or after termination of employment by the Company, the Executive shall not, directly or indirectly, divulge, furnish or make accessible to any person, firm, corporation, association or other entity (otherwise than as may be required in the regular course of the Executive's employment) nor use in any manner, any Protected Information, or cause any such information of the Group to enter the public domain.

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5.02 Non-Competition

(a) The Executive agrees that the Executive shall not during the Executive's employment with the Company, and, in accordance with Sections 6.01(b), 6.02(b), and 6.03(c) for a period of at least two (2) years, and up to four (4) years at the Company's discretion (assuming exercise of the Company's rights under 7.01(b)), after the termination of this Agreement, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business as defined in Section 5.02(c).

(b) The Executive agrees that the Executive shall not during the Executive's employment with the Company, and, in accordance with Sections 6.01(b), 6.02(b), and 6.03(c) for a period of at least two years, and up to four (4) years at the Company's discretion (assuming exercise of the Company's rights under 7.01(b)), after the termination of this Agreement, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Nothing in this Section 5.02(b) shall, however, restrict the Executive from making any investment in any company whose stock is listed on a national securities exchange; provided that (i) such investment does not give the Executive the right or ability to control or influence the policy decisions of any Prohibited Business, and (ii) such investment does not create a conflict of interest between the Executive's duties hereunder and the Executive's interest in such investment.

(c) For purposes of this Section 5.02, "Prohibited Business" shall be defined as the business of:

(i) marketing or selling of fiber cement products, where the marketing or selling of such products is a principal activity of the business;

(ii) manufacturing or processing fiber cement products;

(iii) building, assembling, operating or maintaining plant and equipment, where that plant and equipment is particular to the manufacturing or processing of fiber cement products;

(iv) manufacturing or processing raw materials for fiber cement products where that manufacturing or processing is particular to the raw material used in fiber cement products;

(v) research or development activities relating to Section 5.02(c)(i)-(iv); and

and any branch, office or operation thereof, which is a competitor of the Company or which has established or seeks to establish contact, in whatever form (including, but not limited to solicitation of sales, or the receipt or submission of bids), with any entity who is at any time a client, customer or supplier of the Company (including but not limited to all subdivisions of the federal government.)

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5.03 Non-Solicitation. From the date hereof until at least two (2) years and up to four (4) years at the Company's discretion after the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly (a) encourage any employee or supplier of the Group or any of their successors in interest to leave his or her employment with the Group or any of their successors in interest, (b) employ, hire, solicit or cause to be employed, hired or solicited (other than by the Group or any of their successors in interest), or encourage others to employ or hire any person who within at least two (2) years, and up to four (4) years at the Company's discretion, prior thereto was employed by the Group or any of their successors in interest, or (c) establish a business with, or encourage others to establish a business with, any person who within at least two (2) years, and up to four (4) years at the Company's discretion, prior thereto was an employee or supplier of the Group or any of their successors in interest.

5.04 Disclosure of Employee-Created Trade Secrets Confidential and Proprietary Business Information. The Executive agrees to promptly disclose to the Company all Protected Information developed in whole or in part by the Executive during the Executive's employment with the Company and which relates to the Group's business. Such Protected Information is, and shall remain, the exclusive property of the Company. All writings created during the Executive's employment with the Company (excluding writings unrelated to the Company's business) are considered to be "works-for-hire" for the benefit of the Group and the Company shall own all rights in such writings.

5.05 Survival of Undertakings and Injunctive Relief

(a) The provisions of Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement shall survive both the termination of the Executive's employment with the Company and the termination of this Agreement irrespective of the reasons for such termination.

(b) The Executive acknowledges and agrees that the restrictions imposed upon the Executive by Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement and the purpose of such restrictions are reasonable and are designed to protect the Protected Information and the continued success of the Company without unduly restricting the Executive's future employment by others. Furthermore, the Executive acknowledges that, in view of the Protected Information which the Executive has or will acquire or has or will have access to and in view of the necessity of the restrictions contained in Sections 5.01, 5.02, 5.03 and 5.04, any violation of any provision of Sections 5.01, 5.02, 5.03 and 5.04 hereof would cause irreparable injury to the Company and its successors in interest with respect to the resulting disruption in their operations. By reason of the foregoing the Executive consents and agrees that if the Executive violates any of the provisions of Sections 5.01, 5.02, 5.03 or 5.04 of this Agreement, the Company and its successors in interest as the case may be, shall be entitled, in addition to any other remedies that they may have, including money damages, to an injunction to be issued by a court of competent jurisdiction, restraining the Executive from committing or continuing any violation of such Sections of this Agreement.

In the event of any such violation of Sections 5.01, 5.02, 5.03 and 5.04 of this Agreement, the Executive further agrees that the time periods set forth in such Sections shall be extended by the period of such violation.

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ARTICLE VI
TERMINATION

6.01 Termination of Employment by Voluntary Resignation /Death /Disability.

(a) The Executive's employment under this Agreement may be terminated:

(i) Upon voluntary resignation by the Executive in accordance with the notification requirement provided in Article IX;

(ii) Upon the death of the Executive, this Agreement and the Executive's employment hereunder shall terminate immediately and without notice by the Company; or

(iii) In the event of the inability of the Executive to perform his duties or responsibilities thereunder, as a result of a Permanent Disability (as defined below) upon written notice by the Company. A "Permanent Disability" occurs when for a period of ninety (90) consecutive calendar days, or an aggregate of one hundred twenty (120) calendar days during any calendar year (whether or not consecutive) the Executive is unable to perform his duties or responsibilities hereunder as a result of a mental or physical ailment or incapacity. Upon the occurrence of a Permanent Disability, the Company will evaluate the Executive's condition and determine whether or not to send written notice of such Executive's termination.

(b) Upon termination pursuant to this Section 6.01(a)(i), the Executive shall not be entitled to payment of any compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company and the Executive agree that the Company shall continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after the Executive's voluntary resignation, and the Executive agrees not to violate the provisions of Section 5.02 for an equivalent period.

(c) Upon termination pursuant to this Section 6.01(a)(ii) above, the Company shall pay or grant, to such person as the Executive designates in a notice filed with the Company, or, if no such person shall be designated, to the Executive's estate as a lump sum death benefit, an amount equal to any compensation under this Agreement earned up to the date of such termination, including salary and any accrued but unpaid vacation days. In addition, any stock options or warrants which have vested at the time such termination will be exercisable by the Executive's estate in accordance with the Company's Equity Incentive Plan. The Executive's designated beneficiary or the executor of the Executive's estate, as the case may be, shall accept the payment provided for in this Paragraph 6.01(c) in full discharge and release of the Company of and from any further obligations under this Agreement.

(d) Upon termination pursuant to Section 6.01(a)(iii) above, the Executive shall be entitled to the benefit of disability or other relevant insurance or benefits provided pursuant to Section 4.02 above. The Executive shall not be entitled to payment of any

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compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company, in its sole and absolute discretion, may decide to continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after the Executive's voluntary resignation, in return for the Executive not violating the provisions of Section 5.02 for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment.

6.02 Termination for Cause. (a) The Company may terminate the Executive's employment for Cause by giving the Executive written notice of such termination. For purposes of this Agreement, "Cause" for termination shall mean:

(i) the willful failure or refusal to carry out the reasonable directions of the Chief Executive Officer or Board of Directors, which directions are consistent with the Executive's duties as set forth under this Agreement;

(ii) a willful act by the Executive that constitutes gross negligence in the performance of the Executive's duties under this Agreement and which materially injures the Company. No act, or failure to act, by the Executive shall be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest; or

(iii) a conviction for a violation of a state or federal criminal law involving the commission of a felony or other crime involving moral turpitude.

(b) Upon termination for Cause, the Executive shall not be entitled to payment of any compensation other than salary under this Agreement earned up to the date of such termination, any accrued but unpaid vacation days, and any stock options, warrants or similar rights which have vested at the date of such termination. The Company and the Executive agree that the Company shall continue to pay the Executive his Annual Base Salary, in accordance with the Company's normal practices for other senior executives, for two (2) years after such termination for Cause, and the Executive agrees not to violate the provisions of Section 5.02 for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment.

6.03 Termination Without Cause or Termination by Executive for Good Reason. Should the Executive's employment be terminated for a reason other than as specifically set forth in Sections 6.01 or 6.02 above, whether terminated by the Company or terminated by the Executive for Good Reason (as defined below):

(a) the Company shall pay the Executive an amount equal to 1.5 times the Annual Base Salary applying as at the date of termination, paid in accordance with Section 6.03(c) below.

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(b) the Company shall pay the Executive an amount equal to 1.5 times the Average Annual Bonus actually paid to the Executive in accordance with Section 6.03(c) below. For purposes of this Section 6.03, Average Annual Bonus shall mean the aggregate Annual Bonus actually paid to the Executive by the Company, including the bonus bank amounts actually paid out to the Executive, over the last three years immediately preceding the year of such termination divided by three.

(c) the Company shall pay the amounts specified in each of Sections 6.03(a) and (b) above in monthly installments, in accordance with the Company's normal payroll practices for other senior executives, for the period of eighteen months following such termination, in return for the Executive's execution, without revocation, of a Company Release of Claims upon the effective date of the termination of the Executive's employment. In addition, the Company and the Executive agree that the Company shall continue to pay the Executive additional amounts equal to his Annual Base Salary as of the date of termination of employment in accordance with the Company's normal practices for other senior executives, for up to two (2) years following the Executive's termination, and the Executive agrees not to violate the provisions of Section 5.02 above for an equivalent period and the Executive's execution, without revocation, of a Company Release of Claims at that time.

(d) all of the stock options, warrants, retirement benefits and other similar rights, if any, granted by the Company to the Executive which are vested at the date of the termination of the Executive's employment shall remain vested. All stock options that will vest between the date of such termination of employment and the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs), will continue to vest on the vest dates stipulated in the grant document. All stock options unvested as of the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs) will immediately expire. All stock options vested as of the completion of the Consulting Agreement addressed in Article VII of the Agreement (or violation of Section 5.02 above if that occurs) will remain exercisable until the earlier of (i) the date such Stock Options would expire in accordance with their terms, and (ii) 90 days after the date of completion of the Consulting Agreement and/or violation of Section 5.02 above.

(e) all health and medical benefits shall continue for the remainder of the term of this Agreement; and the Company will pay the Executive's premium for continued coverage for medical, dental and vision benefits, if applicable, under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") for himself and, if applicable, his covered dependents for up to eighteen months following the date of the termination of Executive's employment, in accordance with the provisions of COBRA, for a period of up to eighteen months following the termination of the Executive's employment.

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The term "Good Reason," in connection with the termination by the Executive of his employment with the Company shall mean:

(i) A diminution in the responsibilities, title or office of the Executive such that he does not serve as an executive officer of the Company (which diminution was not for Cause or the result of the Executive's disability); or

(ii) A reduction by the Company in the Executive's Annual Base Salary to less than (a) $338,000, or (b) the Executive's Annual Base Salary at the time of such reduction.

6.04 No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in Section 6.03 above by seeking other employment or otherwise, nor shall the amount of any payment provided for in Section 6.03 be reduced by any compensation earned by the Executive as a result of employment by another company, self-employment or otherwise.

ARTICLE VII
POST-TERMINATION CONSULTING PERIOD

7.01 In addition to the matters set forth in Article VI above, upon the termination of the Executive's employment, the Company and the Executive agree to:

(a) Consult to the Company for two years for up to 100 hours/year and agrees not to violate Section 5.02 above, in exchange for the payment of the Executive's annual target bonus amount (paid in monthly installments), in accordance with the terms of the standard James Hardie Consulting Agreement, a copy of which is attached ("Consulting Agreement").

(b) Additionally, the Company may elect to extend this Consulting Agreement for an additional two years, and the Executive will agree to such extension, in exchange for the amount equal to the annual base salary and target bonus for each year of extension.

ARTICLE VIII
RELEASE

8.1 As a material inducement for the Company to provide compensation and certain benefits described in the Agreement, Executive, on his own behalf and on behalf of his spouse, heirs, executors, administrators, successors, and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Group and each of their predecessors, successors, assigns, agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, welfare benefit plans, divisions, subsidiaries, parent companies, affiliates (and agents, directors, officers, employees, partners, attorneys, representatives, retirement benefit plans, and welfare benefit plans of such divisions, subsidiaries, parent companies and affiliates), and all persons acting by, through, under or in concert with any of them (collectively, "Releasees"), or any of them from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) (collectively, "Claims") of any nature whatsoever known or unknown, suspected or unsuspected, including but not limited to Claims arising under any compensation plan, welfare benefit plan,

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contract, agreement or understanding, whether express or implied, any tort or other cause of action, including but not limited to those arising under federal, state or local laws prohibiting age, sex, disability or other forms of discrimination, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Age Discrimination in Employment Act of 1967, as amended, the Americans With Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Fair Labor Standards Act of 1938, as amended, the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, the Fair Employment and Housing Act, any regulations thereunder, state or federal common law, or any other duty or obligation of any kind or description whether express or implied, which Claims relate to arise out of the Executive's change in role as set out in this Agreement, and which Executive now has, owns or holds or claims to have, own or hold or which Executive at any time heretofore has owned or held or claimed to have, own or hold or claim to have, own or hold against each or any of the Releasees, except claims arising under any applicable bonus plan, pension benefit plan, medical benefit plan, dental benefit plan, or vision benefit plan in which the Executive is participating as of the date of this Agreement. The foregoing provision in this Paragraph 8.1 shall not apply to activities that are permitted under applicable law, except that Executive acknowledges that he has irrevocably waived any right to recovery against the Releasees in connection with such activities, or otherwise. This Release is not intended to restrict either Executive's or the Company's rights and obligations to abide by and/or enforce the terms and conditions of this Agreement. For the avoidance of doubt, the release set out in this Article VIII applies solely to Claims which relate to arise out of the Executive's change in role as set out in this Agreement.

8.2 As a condition of this Release, Executive waives all rights arising under Section 1542 of the Civil Code of the State of California against Releasees. Section 1542 provides as follows:

> A General Release does not extend to claims which a creditor does not know or suspect to exist in his favor as of the time of executing the Release which if known by him must have materially affected his settlement with the debtor.

Notwithstanding the provisions of Section 1542 and for the purpose of implementing the full and complete release and discharge of the liability of all Releasees described in Paragraph 8.1 above as of the effective date of the Agreement, Executive expressly acknowledges that the Release is intended to include and does include in its effect without limitation all Claims which Executive does not know or expect to exist in his favor against Releasees as of the time of the effective date of this Release and that this Release expressly contemplates the extinguishment of any such Claims, including attorneys' fees and costs.

8.3 Executive acknowledges that he has been encouraged to consult with an attorney before signing this Agreement, and that he may return the signed Agreement to the Company during the period beginning with his receipt of the Agreement and ending, without Executive's revocation, twenty-one (21) days from the date Executive receives it. If Executive does sign this Agreement, Executive acknowledges that he will have seven (7) days after he executes it to voluntarily decide to revoke it, and it will not become effective until seven (7) days has expired,

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without Executive's revocation, from the date Executive voluntarily chose to execute it. Executive further acknowledges that he has read this Article VIII carefully and that he knowingly and voluntarily agrees to accept the terms and conditions set forth in the Agreement, as consideration for the Release described herein. Executive further acknowledges that he was provided twenty-one (21) days within which to consider the terms of the Release, including seeking counsel, and that the consideration described within the Agreement is sufficient and adequate consideration for the Release as it reflects compensation and benefits above and beyond those to which Executive is entitled as of the date of this Release.

ARTICLE IX
MISCELLANEOUS

9.01 Assignment, Successors. This Agreement, or any right or interest herein, may not be assigned by either party hereto, whether by operation of law or otherwise, without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the Executive and the Executive's estate and the Company and any assignee of or successor to the Company.

9.02 Severability. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any paragraph or part of a paragraph so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such paragraph or part of a paragraph to the fullest extent possible while remaining lawful and valid.

9.03 Amendment and Waiver. This Agreement shall not be altered, amended or modified except by written instrument executed by the Company and the Executive. A waiver of any term, covenant, agreement or condition contained in this Agreement shall not be deemed a waiver of any other term, covenant, agreement or condition and any waiver of any other term, covenant, agreement or condition, and any waiver of any default in any such term, covenant, agreement or condition shall not be deemed a waiver of any later default thereof or of any other term, covenant, agreement or condition.

9.04 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given upon personal delivery, facsimile transmission (with confirmation of receipt), delivery by a reputable overnight courier service or five (5) days following deposit in the U.S. mail (if sent by registered or certified mail, return receipt requested, postage prepaid), in each case duly addressed to the party to whom such notice or communication is to be given as follows:

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If to the Company:	JAMES HARDIE BUILDING PRODUCTS INC. Attn: CEO 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
With a copy to:	VP HR 26300 La Alameda, Suite 100 Mission Viejo, California 92691 Fax: (949) 367-1294
If to the Executive:	DON MERKLEY c/o James Hardie Building Products Inc. 26300 La Alameda, Suite 250 Mission Viejo, California 92614 Fax: (949) 367-1294

Either party may from time to time designate a new address by notice given in accordance with this Section. Notice and communications shall be effective when actually received by the addressee.

9.05 Counterpart Originals. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

9.06 Entire Agreement. This Agreement forms the entire agreement between the parties hereto with respect to any severance payment and with respect to the subject matter contained in the Agreement.

9.07 Applicable Law. The provisions of this Agreement shall be interpreted and construed in accordance with the laws of the state of California, without regard to its choice of law principles.

9.08 Effect on Other Agreements. This Agreement shall terminate and supersede all prior agreements, promises and representations regarding the terms and conditions of the Executive's employment by the Company, James Hardie Industries N.V., or any of their subsidiaries or affiliates, and any severance or other payments contingent upon termination of employment, including but not limited to a certain Employment Agreement by and between the Company and the Executive, made and entered into as of the 9th day of October, 2002.

9.09 Extension or Renegotiation. The parties hereto agree that at any time prior to the expiration of this Agreement, they may extend or renegotiate this Agreement upon mutually agreeable terms and conditions.

9.10 Legal Fees; Arbitration. The parties hereto expressly agree that in the event of any dispute, controversy or claim by any party regarding this Agreement, the prevailing party

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shall be entitled to reimbursement by the other party to the proceeding of reasonable attorney's fees, expenses and costs incurred by the prevailing party. Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement or otherwise arising out of the execution hereof, including any claim based on contract, tort or statute, shall be resolved, at the request of any party, by submission to binding arbitration at the Orange County, California offices of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), and any judgment or award rendered by JAMS shall be final, binding and unappealable, and judgment may be entered by any state or federal court having jurisdiction thereof. Any party can initiate arbitration by sending written notice of intention to arbitrate (the "DEMAND") by registered or certified mail to all parties and to JAMS. The Demand shall contain a description of the dispute, the amount involved, and the remedy sought. The arbitrator shall be a retired or former judge agreed to between the parties from the JAMS' panel. If the parties are unable to agree, JAMS shall provide a list of three available judges and each party may strike one. The remaining judge shall serve as the arbitrator. Each party hereto intends that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. In her award, the arbitrator shall allocate, in her discretion, among the parties to the arbitration all costs of the arbitration, including the fees of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The parties hereto agree to comply with any award made in any such arbitration proceedings that has become final and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceeding becoming final.

IN WITNESS WHEREOF the parties have executed this Employment Agreement on the date first written above.

JAMES HARDIE BUILDING PRODUCTS INC.,
a California corporation

By: /s/ Louis Gries

Name: Louis Gries
Title: President

DON MERKLEY, an individual

/s/ Donald J Merkley

Don Merkley

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CONSULTING AGREEMENT

This Agreement is entered into on the later date this Agreement is signed by the parties by and between James Hardie Building Products, Inc., a Nevada corporation, with its principal place of business at 26300 La Alameda, Mission Viejo, California 92691 ("Company") and the consultant named in Exhibit A ("Consultant").

In consideration of the mutual covenants and agreements contained herein, the adequacy and sufficiency of which is acknowledged, the parties agree as follows:

ARTICLE 1. SCOPE OF SERVICES. As directed by Company, Consultant shall utilize its expertise to perform consulting and advisory services ("Services") regarding various business operations and opportunities in which Company may have an interest. The Services shall be rendered on an "as needed" basis and, Consultant shall use its best efforts to make the Services available to Company at times requested by Company. Consultant's responsibilities and milestones for achieving the Services are stated in Exhibit A.

ARTICLE 2. FEES, PAYMENT, DISPUTE RESOLUTION. Unless specified otherwise in Exhibit A, the following terms regarding fees and payment shall apply. Company shall pay Consultant for time spent performing Services at the rates set forth in Exhibit A upon full and satisfactory performance of the Services. Company agrees to reimburse Consultant for all reasonable out of pocket expenses incurred by the Consultant in connection with the Services provided hereunder. Invoices shall be submitted by Consultant to Company as soon as practical after the end of each month and Company agrees to pay Consultant for amounts due for such invoices within thirty (30) days of Company's receipt of such invoice. Invoices shall provide sufficient detail and shall be in a format acceptable to Company. If Company reasonably disputes any of the fees charged, Company shall not pay the amount in dispute but shall notify Consultant of the amount and reason for the dispute. The parties shall attempt in good faith to settle the dispute by discussions between themselves. If the dispute remains unresolved after eight weeks after Company notifies Consultant of the dispute, the parties are free to pursue all available legal remedies.

ARTICLE 3. EFFECTIVE DATE, TERM AND TERMINATION. Unless specified otherwise in Exhibit A, this Agreement shall become effective on the date last written below and shall continue to be in effect month-to-month thereafter unless canceled as hereinafter provided and either party may terminate this Agreement at the end of any month by giving the other party written notice of such termination at least ten (10) days prior to the effective date of termination; provided, however, that Company may terminate this Agreement for cause immediately upon written notice to Consultant. Termination of the Agreement by Company does not waive any claims for damages which it may have against Consultant for failure to perform or insufficient performance.

ARTICLE 4. INSURANCE. Consultant shall carry comprehensive general liability and automobile liability insurance and, if applicable, workers' compensation and errors and omissions insurance. The minimum limits for the comprehensive general liability coverage shall be bodily injury $3,000,000 per occurrence, and property coverage $3,000,000 per occurrence. The minimum limits for the automobile liability coverage shall be bodily injury $1,000,000 per occurrence, and property damage $1,000,000 per occurrence. All policies of insurance shall be with a company or companies acceptable to the Company and Consultant shall provide to Company upon execution of this Agreement and upon Company's request, a certificate of insurance demonstrating that proper coverages are in place.

ARTICLE 5. CONSULTANT'S AUTHORITY. Consultant is an independent contractor, not an agent or employee of Company. Consultant has no authority to enter into any contract or incur any other obligation on behalf or in the name of Company. Consultant shall be solely responsible for all of its own employees and expenses.

ARTICLE 6. INDEMNIFICATION. Consultant shall indemnify and hold harmless Company, its affiliates, agents and employees from and against all actions, claims, demands, liabilities, damages, losses, costs and expenses (including, but not limited to, attorney's fees and those arising in any bankruptcy or insolvency proceeding) which relate to personal or bodily injury, sickness, disease, death or injury or damage to property of any kind (including, without limitation, the loss of use thereof) and any breach by Consultant of the terms of this Agreement ("Claims") where such Claims arise out of, or by reason of, an act or omission of Consultant, its employees or agents.

ARTICLE 7. WARRANTY. Consultant warrants that: (a) the Services shall be performed in a good and workmanlike manner in accordance with established professional standards for such services and the best practices in Consultant's industry, (b) the Services and any reports, advice and other products of Consultant's Services shall comply

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with all applicable laws, regulations, codes and ordinances, and (c) to the extent that the Services involve delivery of "Technology" to Company, use of such Technology by Company does not infringe or violate any patent, copyright, trade secret or other proprietary right of any person or entity and, to the extent that the Services involve development of Technology, such Technology is a "work made for hire" (or if for any reason the Technology is deemed to not be a "work made for hire," Consultant hereby assigns all its rights in such Technology to Company) and Company shall have full and clear title to any and all Technology resulting from the Services (except as provided in Exhibit A) and shall be able to use any and all such Technology without liability and without restriction. "Technology" includes such things as, without limitation, software programs developed by Consultant as part of the Services. If Consultant fails to comply with this warranty, Company may, in addition to exercising any of its other rights and remedies under this Agreement or otherwise at law, require that Consultant perform the Services again, properly and at no additional expense to Company.

ARTICLE 8. OWNERSHIP OF PRODUCTS OF SERVICES. All reports, data, ideas, information and other products of the Services delivered by Consultant to Company hereunder or developed by Consultant in performing the Services shall be the sole and exclusive property of Company and shall be deemed "work made for hire" with Company receiving ownership of copyright therein. Consultant hereby assigns all such rights to Company.

ARTICLE 9. MAINTENANCE OF RECORDS. Consultant shall maintain accurate records, sufficient and acceptable to Company, pertaining to the Services and agrees to retain all such records for at least three years after completion of Services. Any representative(s) authorized by Company may audit transactions related hereto for the purpose of determining whether there has been compliance with this Agreement.

ARTICLE 10. CONFIDENTIALITY.

10.1 The term "Confidential Information" means all information which Consultant receives before, during and after the engagement hereunder which: (a) is provided to Consultant by Company or an affiliate company that concerns or relates to any aspect of the business of Company or an affiliate company; or (b) is, for any reason, identified and treated as confidential by the Company and/or its affiliate companies. Confidential Information does not include such information which Consultant can prove, by clear and convincing evidence: (c) at the time of this Agreement is publicly and openly known and in the public domain; (d) after the date of this Agreement becomes publicly and openly known and in the public domain through no fault of Consultant; or (e) is in Consultant's possession and documented prior to this Agreement, lawfully obtained by Consultant other than from the Company and not subject to any obligation of confidentiality.

10.2 Consultant understands and acknowledges that the Confidential Information is being revealed to Consultant in strict confidence solely for the purpose of allowing Consultant to perform the Services. Consultant shall not use, or induce others to use, any Confidential Information for any other purpose whatsoever nor at any time directly or indirectly print, copy or otherwise reproduce, in whole or in part, any Confidential Information without the prior written consent of Company.

10.3 Consultant shall not disclose or reveal any Confidential Information to anyone except those of Consultant's employees with a definable need to know such Confidential Information. Prior to revealing or disclosing Confidential Information to such employees, Consultant shall require the employees to agree to and be bound by the terms of this Agreement.

10.4 Upon completion of the Services, or upon request of Company, Consultant shall deliver to Company all Confidential Information embodied in tangible form. Consultant shall deliver to Company all originals and copies of documents, data, software, programs and things, including all recordings on electronic, magnetic optical or other media, and all listings, comprising or embodying Confidential Information and shall not take or retain any copies thereof. The confidentiality provision herein shall survive termination of this Agreement and Confidential Information shall be held as confidential until it is no longer Confidential Information as provided herein.

10.5 Consultant acknowledges that any unauthorized disclosure or use of Confidential Information to which it is given access by virtue of this Agreement would cause Company immediate and irreparable injury or loss. Accordingly, Consultant acknowledges and agrees that in the event of a breach or threatened breach by Consultant of any provision of this Agreement, Company shall be entitled to preliminary and permanent injunctive relief, without the need to post a bond, restraining Consultant from the disclosure or unauthorized use of any Confidential Information.

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10.6 The terms of this confidentiality provision supplement the terms of any separate confidentiality agreement signed by the parties, regardless of any integration clause, and if there is any conflict in such terms, the provision providing the most protection to the Confidential Information shall be applied.

ARTICLE 11. NON-COMPETITION.

(a) The Consultant agrees that the Consultant shall not during the Consulting Agreement with the Company, directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting or other services in connection with any Prohibited Business as defined in Article 11(c).

(b) The Consultant agrees that the Consultant shall not during the Consulting Agreement with the Company, make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business. Nothing in this Article 11(b) shall, however, restrict the Consultant from making any investment in any company whose stock is listed on a national securities exchange; provided that (i) such investment does not give the Consultant the right or ability to control or influence the policy decisions of any Prohibited Business, and (ii) such investment does not create a conflict of interest between the Consultant's duties hereunder and the Consultant's interest in such investment.

(c) For purposes of this Article 11, "Prohibited Business" shall be defined as the business of:

(i) marketing or selling of fiber cement products, where the marketing or selling of such products is a principal activity of the business;

(ii) manufacturing or processing fiber cement products;

(iii) building, assembling, operating or maintaining plant and equipment, where that plant and equipment is particular to the manufacturing or processing of fiber cement products;

(iv) manufacturing or processing raw materials for fiber cement products where that manufacturing or processing is particular to the raw material used in fiber cement products;

(v) research or development activities relating to Article 11(c)(i)-(iv); and

and any branch, office or operation thereof, which is a competitor of the Company or which has established or seeks to establish contact, in whatever form (including, but not limited to solicitation of sales, or the receipt or submission of bids), with any entity who is at any time a client, customer or supplier of the Company (including but not limited to all subdivisions of the federal government.)

ARTICLE 12. NO ASSIGNMENT. Consultant shall not assign part or all of this Agreement without Company's prior written consent. Any independent contractors or consultants which Consultant engages to perform Services hereunder, and the specific portion of the Services they will perform, must be approved by the prior written consent of Company.

ARTICLE 13. SAFETY COMPLIANCE. Consultant agrees to comply with all Company health and safety guidelines and requirements while on Company property.

ARTICLE 14. GOVERNMENT CONTRACTS. If compensation to Consultant under this Agreement exceeds $10,000 and is in furtherance of a U.S. Government contract or subcontract, the provisions of the Equal Opportunity Clause as promulgated by Section 202 of Executive Order 11246, dated September 24, 1965, as amended, are incorporated herein by reference. Consultant also agrees to comply with all applicable local, state and federal laws and executive orders and regulations issued pursuant thereto, including any such rules which may be applicable to this Agreement as a U.S. Government subcontract.

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ARTICLE 15. INDEPENDENT CONTRACTOR STATUS. Consultant and Company acknowledge that Consultant is engaged under this Agreement as an independent contractor, and not an employee, of Company. Consultant and Company further acknowledge that Consultant retains control over the method and manner in which the Services are to be performed under the Agreement. Consultant and Company further acknowledge that as an independent contractor, all taxes due to federal, state and local authorities are the sole responsibility of the Consultant. The Consultant agrees that it will indemnify and hold Company harmless for any tax liabilities that may arise as a consequence of this Agreement, and understands as a consideration of this Agreement that it must remain in compliance with all laws and regulations applicable to business entities or otherwise.

ARTICLE 16. MISCELLANEOUS. This Agreement, including Exhibit A and any attachments thereto, constitutes the entire agreement between the parties and supersedes all prior oral or written representations, understandings, covenants and agreements relating to the subject hereof, except the Employment Agreement made and entered the 1st day of September, 2004 by and between James Hardie Building Products, Inc. and David Merkley, and, except as otherwise set forth herein, may be amended only by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its conflict of laws principles. Consultant agrees and hereby submits to the jurisdiction of the courts for the State of California in the County of Orange. Any provision herein held to be invalid, unenforceable, void or illegal, in whole or in part, by any tribunal of competent jurisdiction, shall be severed from this Agreement and replaced by a provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable provision. All remedies provided herein are cumulative and in addition to any other available remedy. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute one and the same document. This Agreement may not be modified except by a subsequent writing executed by the parties. This Agreement will be interpreted as if written jointly by the parties. This Agreement will benefit the affiliates, successors and assigns of Company, and will be binding upon the affiliates, successors and assigns of Consultant.

CONSULTANT	COMPANY
/s/ Donald J. Merkley	/s/ Louis Gries
(signature)	(signature)
By: Donald J. Merkley	By: Louis Gries
(print name)	(print name)
Title: EVP - R&D	Title: Chief Executive Officer
Date: September 1, 2004	Date: March 31, 2005

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EXHIBIT A

1. Name of Consultant:

Name _____

Address _____

_____

Individual OR corporation incorporated in _____ (state)
(insert line through entity NOT used or delete)

2. Consultant responsibilities and milestones:

3. Fee and Payment Terms:

a. Hourly Rates:

Employees of Consultant Hourly Rate ($/Hour)

b. Cap on hourly rates if other than 2% annually:

c. Other:

4. Term and termination:

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EXHIBIT 4.14

March 24th, 2005

FINAL SETTLEMENT

Dear Folkert,

This document entails any and all arrangements we mutually agree upon regarding your resignation as Treasurer of James Hardie International Finance B.V.

1. We confirm you have notified us, we have received and accepted your verbal resignation and in light of the legal notice period of 1 month your last day of employment will be April 30th, 2005.

2. We settle according to the agreement as set out below under the condition that you will do your best to provide a proper handover of documentation and experience to the satisfaction of your manager. We will both strive to finalize handover around April 11th after which you could be liberated from your duties.

3. We have made you sufficiently aware of any and all consequences which could arise out of your resignation in relation to i.e. applying for social security (WW) by signing this agreement you acknowledge to have been informed by us and are resigning on your own accord.

You acknowledge by signing this document to have been enabled to consult all legal and tax aspects of this agreement.

As part of the settlement towards termination of the employment agreement and subsequent handover, James Hardie shall grant you a payment amounting to (euro) 50,000. -- Gross, which is deemed to include a.o. outstanding EP bonus (approx. (euro) 20,000.-) and REmaining holidays (17). The payment shall be executed May 14th 2005, after termination of the employment agreement, in conformity with the tax regulations.

As per May 1st 2004, James Hardie shall provide you with a final settlement review (in Dutch "eindafrekening") of the finalisation of the employment agreement, including pro rata holiday allowance.

You will remain to observe confidentiality with respect to James Hardie and its organisation, based on the provisions in your employment agreement. James Hardie shall not invoke its rights under the non-competition clause.

Both parties will both internally and externally communicate in a professional and positive attitude about each other. James Hardie will provide you, if you so desire, with positive references.

Parties hereby explicitly waive the rights to dissolute the agreement based on vitiated consent.

Parties mutually agree, after fulfilment of the conditions set forth above, any rights based upon or rising from the employment agreement are hereby waived and that in the future, none of the parties will hold the other liable on any grounds whatsoever and/or will institute any claims with respect to the employment agreement and/or the termination thereof, either in respect of compensation or indemnification, or otherwise.

This agreement is construed in accordance and shall be governed by Dutch law.

The parties consider this agreement to be a "vaststellingsovereenkomst" within the meaning of article 7:900 Dutch Civil Code

/s/ NITA MORITZ	/s/ FOLKERT ZWINKELS
James Hardie International Finance B.V.	Folkert Zwinkels
Nita Moritz MD	

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EXHIBIT 4.15

JOINT AND SEVERAL INDEMNITY AGREEMENT

AGREEMENT dated as of September___, 1998 by and between James Hardie N.V., a corporation formed under the laws of The Netherlands (the "Corporation"), and James Hardie (USA) Inc., a corporation formed under the laws of the State of Nevada ("Inc" and together with the Corporation, the "Indemnitors") on the one hand, and _____ (the "Indemnitee"), on the other.

RECITALS

The Indemnitee is, or is willing to become, a director and/or officer of the Corporation, Inc and/or an Affiliate Indemnitee (as hereinafter defined). Each of the Indemnitors and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today's environment.

The Articles of Association of the Corporation and the Articles of Incorporation and Bylaws of Inc (collectively, the "Charter Documents") permit the Indemnitors to indemnify their respective directors and officers as currently provided therein. The Charter Documents permit the Indemnitors to purchase and maintain insurance or to furnish similar protection or make other arrangements (any such insurance, protection or arrangement, an "Indemnification Arrangement") on behalf of the Indemnitee against personal liability (including, but not limited to, providing for Advanced Amounts as hereinafter defined) asserted against him or incurred by or on behalf of him in such capacity as a director or officer of such Indemnitor or as an Affiliate Indemnitee, or arising out of his status as such, whether or not such Indemnitor would have the power to indemnify him against such liability under the provisions of this Agreement or under applicable law, including Title 7 of the Nevada Revised Statutes (hereinafter the Nevada General Corporation Law or the "NGCL"). as it may then be in effect.

In part to provide the Indemnitee with specific contractual assurance of substantial protection against personal liability (regardless of, among other things, any amendment to or revocation of the aforementioned provisions of any of the Indemnitor's Charter Documents or any change in the composition of such Indemnitor's Board of Directors or control of such Indemnitor), each of the Indemnitors desires to enter into this Agreement. The NGCL expressly recognizes that the indemnification provisions of the NGCL are not exclusive of any other rights to which a person seeking indemnification may be entitled under the Charter Documents, or an agreement providing for indemnification, or a resolution of stockholders or directors, or otherwise, and the Charter Documents of the Indemnitors expressly recognize that the indemnification provisions of the Charter Documents shall not be deemed exclusive of, and shall not affect, any other rights to which a person seeking indemnification may be entitled under any agreement, and this Agreement is being entered into pursuant to the Charter Documents, as permitted by applicable law, and has been authorized by the stockholders of the Indemnitors.

In order to induce the Indemnitee to serve as a director and/or officer of the Corporation and/or Inc and in consideration of the Indemnitee's so serving, each of the

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Indemnitors desires jointly and severally to hold harmless and indemnify the Indemnitee and to make arrangements pursuant to which the Indemnitee may be advanced or reimbursed expenses incurred by the Indemnitee in certain proceedings, in every case to the fullest extent authorized or permitted by the NGCL, or any other applicable law, or by any amendment thereof or other statutory provisions authorizing or permitting such indemnification which are adopted after the date hereof (but, in the case of any such amendment, only to the extent that such amendment permits the Indemnitor to provide broader indemnification rights than the NGCL, or other applicable law, permitted such Indemnitor to provide prior to such amendment).

NOW, THEREFORE, in consideration of the foregoing recitals and of the Indemnitee's willingness to serve the Corporation and/or Inc as a director and/or officer, the parties agree as follows:

1. Indemnification. (a) To the fullest extent allowed by law, each of the Indemnitors, jointly and severally, shall hold harmless and indemnify the Indemnitee, his executors, administrators or assigns against any and all expenses, liabilities and losses (including, without limitation, investigation expenses, expert witnesses' and attorneys' fees and expenses, judgments, penalties, fines, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon and any federal, state, local or foreign taxes imposed as a result of actual or deemed receipt of any payment hereunder) actually incurred by the Indemnitee (net of any related insurance proceeds or other amounts received by the Indemnitee or paid by or on behalf of an Indemnitor on the Indemnitee's behalf in compensation of such expenses, liabilities or losses) in connection with any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative or in arbitration, to which the Indemnitee is a party or participant or is threatened to be made a party or participant (a "Proceeding"), as a plaintiff, defendant, respondent, witness or otherwise, based upon, arising from, relating to or by reason of the fact that the Indemnitee: (a) is, was, shall be or shall have been a director and/or officer of an Indemnitor or (b) is or was serving, shall serve, or shall have served at the request of an Indemnitor as a director, officer, partner, trustee, fiduciary, employee or agent ("Affiliate Indemnitee") of another foreign or domestic corporation or non-profit corporation, cooperative, partnership, joint venture, trust, employee benefit plan, or other incorporated or unincorporated enterprise (each, a "Company Affiliate"); or arising from or relating to any action or omission to act taken by the Indemnitee in any of the foregoing capacities; provided, however, that, except as provided in Section 9(b) hereof, an Indemnitor shall indemnify the Indemnitee in connection with a Proceeding initiated by the Indemnitee only if such proceeding (or part thereof) was authorized by a two-thirds vote of the Board of Directors of such Indemnitor.

(b) The Indemnitee shall be presumed to be entitled to such indemnification under this Agreement upon submission of a written claim pursuant to Section 4 hereof. Thereafter, the Indemnitors shall have the burden of proof to overcome the presumption that the Indemnitee is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals has expired ("Final Determination"), which is adverse to the Indemnitee and which establishes (i) that his acts were committed in bad faith, or were the result of active and deliberate dishonesty or

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willful fraud or illegality, and were material to the cause of action so adjudicated or (ii) that the Indemnitee in fact personally gained a financial profit or other advantage to which he was not legally entitled. If the Indemnitee is not wholly successful in any Proceeding but is successful on the merits or otherwise as to one or more but less than all claims, issues or matters in such Proceeding the Indemnitors agree, jointly and severally, to indemnify the Indemnitee to the maximum extent permitted by law against all losses and expenses incurred by the Indemnitee in connection with each successfully resolved claim, issue or matter. Neither the failure of any of the Indemnitors (including their' respective Boards of Directors, legal counsel or stockholders) to have made a determination prior to the commencement of such Proceeding that indemnification of the Indemnitee is proper in the circumstances because such person has met the applicable standard of conduct, nor an actual determination by such Indemnitor (including its Board of Directors, its legal counsel or its stockholders) that the Indemnitee has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or adversely affect the rights and obligations of any of the Indemnitors or of the Indemnitee under this Agreement, except as expressly provided herein, and the execution and delivery of this Agreement by the Indemnitors and the Indemnitee shall not in any way diminish, restrict, limit or adversely affect the Indemnitee's right to indemnification from the Indemnitors or any other party or parties under any other Indemnification Arrangement, the Charter Documents of any of the Indemnitors, or applicable law.

2, Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of an Indemnitor or any affiliate of an Indemnitor against the Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by applicable law under the circumstances. Any claim or cause of action of the Indemnitor or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

3. Insurance. Subject only to the provisions of this Section 3, as long as the Indemnitee shall continue to serve as a director and/or officer of an Indemnitor (or shall continue at the request of an Indemnitor to serve as an Affiliate Indemnitee) and, thereafter, as long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director and/or officer of an Indemnitor (or served in any of said other capacities), at least one of the Indemnitors shall use its best efforts to purchase and maintain in effect for the benefit of the Indemnitee one or more valid, binding and enforceable policies of directors' and officers' liability insurance (or maintain an appropriate self-insurance program) providing adequate liability coverage for the Indemnitee's acts as a director and/or officer of an Indemnitor or as an Affiliate Indemnitee ("D&O Insurance"). The Indemnitors shall promptly notify the Indemnitee of any lapse, amendment or failure to renew said policy or policies or any provision thereof relating to the extent or nature of coverage provided thereunder. In the event the Indemnitors do not purchase or maintain in effect said policy or policies of D&O Insurance pursuant to the provisions of this Section 3,

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the Indemnitors shall, in addition to and not in limitation of the other rights granted the Indemnitee under this Agreement, hold harmless and indemnify the Indemnitee to the full extent of coverage which would otherwise have been provided for the benefit of the Indemnitee pursuant to the D&O Insurance.

4. Claims for Payments. The Indemnitee shall have the right to receive from the Indemnitors on demand or, at his option, to have any of the Indemnitors pay promptly on his behalf, in advance of a Final Determination of a Proceeding, all amounts payable by the Indemnitors pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by the Indemnitee in connection with any Proceeding or otherwise (such amounts so expended or incurred being referred to as "Advanced Amounts"). In making any claim for payment by the Indemnitors of any amount, including any Advanced Amount, pursuant to this Agreement, the Indemnitee shall submit to the Indemnitors a written request for payment (a "Claim") which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement, or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit.

Where the Indemnitee is requesting Advanced Amounts, the Indemnitee must also provide an undertaking to repay such Advanced Amounts if a Final Determination is made that the Indemnitee is not entitled to indemnification hereunder.

5. Section 16(b) Liability. No Indemnitor shall be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of securities of an Indemnitor within the meaning of Section 16(b) of the Securities Exchange Act of 1934, and amendments thereto, or similar provisions of any state statutory law or common law.

6. Continuation of Indemnity. All agreements and obligations of the Indemnitors contained herein shall continue during the period the Indemnitee is a director and/or officer of an Indemnitor (or is serving at the request of an Indemnitor as an Affiliate Indemnitee) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director or officer of an Indemnitor or served as such an Affiliate Indemnitee.

7. Successors: Binding Agreement. This Agreement shall be binding on, and shall inure to the benefit of and be enforceable by, each of the Indemnitor's successors and assigns and by the Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees, divisees and legatees. Each Indemnitor shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of such Indemnitor expressly to assume and agree in writing to perform this Agreement in the same manner and to the same extent that such Indemnitor would be required to perform if no such succession or assignment had taken place.

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8. Notification and Defense of Claim. Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim in respect thereof is to be made against an Indemnitor under this Agreement, notify such Indemnitor of the commencement thereof, but the failure to so notify such Indemnitor will not relieve the Indemnitors from any liability which it may have to the Indemnitee (except to the extent that the Indemnitors are prejudiced by such failure). With respect to any such Proceeding:

(i) Each Indemnitor shall be entitled to participate therein at its own expense;

(ii) Except with prior written consent of the Indemnitee, the Indemnitors shall not be entitled to assume the defense of any Proceeding;

(iii) No Indemnitor shall settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent (not to be unreasonably withheld or delayed); and

(iv) The Indemnitee shall not settle any Proceeding without the Indemnitors' prior written consent (not to be unreasonably withheld or delayed).

9. Enforcement. (a) Each Indemnitor has entered into this Agreement and assumed the obligations imposed on such Indemnitor hereby in order to induce the Indemnitee to act as a director and/or officer of the Corporation and/or Inc or as an Affiliate Indemnitee and acknowledges that the Indemnitee is relying upon this Agreement in agreeing to serve or continuing in such capacity.

(b) All expenses incurred by the Indemnitee in connection with the preparation and submission of the Indemnitee's request for indemnification hereunder shall be borne, jointly and severally, by the Indemnitors. In the event the Indemnitee has requested payment of any amount under this Agreement or under the D&O Insurance and has not received payment thereof within thirty (30) days of such request, the Indemnitee may bring any action to enforce his rights or such collect moneys due, and, if the Indemnitee is successful in such action, the Indemnitors shall reimburse the Indemnitee for all of the Indemnitee's fees and expenses in bringing and pursuing such action. If it is determined that the Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, or is entitled to part (but not all) of the amounts claimed under the D&O Insurance, such fees and expenses shall be reasonably prorated. The Indemnitee shall be entitled to the advancement of such amounts to the full extent contemplated by Section 4 hereof in connection with such Proceeding.

10. Contribution. If the indemnification provided for herein in respect of any expense, liability or loss incurred by Indemnitee in connection with any Proceeding is finally determined by a court of competent jurisdiction to be prohibited by applicable law, then the Indemnitors, in lieu of indemnifying Indemnitee, shall contribute to the amount paid or payable by Indemnitee as a result of such expense, liability or loss in such proportion as is appropriate to reflect (i) the relative benefits received by the Indemnitors on the one hand

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and Indemnitee on the other hand from the events, circumstances, conditions, happenings, actions or transactions from which such Proceeding arose, (ii) the relative fault of the Indemnitors (including their affiliates) on the one hand and of Indemnitee on the other hand in connection with the events, circumstances and happenings which resulted in such expense, liability or loss (such relative fault to be determined by reference to, among other things, the parties relative intent, knowledge, access to information and opportunity to correct or prevent the events, circumstances and/or happenings resulting in such expense, liability or loss), and (iii) any other relevant equitable considerations, it being agreed that it would not be just and equitable if such contribution were determined by pro rata or other method of allocation which does not take into account the foregoing equitable considerations.

11. Separability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any sections or subsections of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) shall not in any way be affected or unpaired thereby, and (ii) to the fullest extent possible, the provisions of any section or subsections of this Agreement containing any such provisions held to be invalid, illegal or unenforceable shall be construed so as to give effect to the intent of the parties that the Indemnitors (or any of them) provide protection to the Indemnitee to the fullest extent enforceable.

12. Subrogation. In the event of payment under this Agreement, the Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights.

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by the Indemnitee and an officer of each of the Indemnitors designated by the Board of Directors of such Indemnitor. No waiver by either party at any time of any breach by the other party of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada, without giving effect to the principles of conflicts of laws thereof.

14. Notices. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand against a receipt therefor, received by facsimile, or five days after being mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Indemnitee: _____

c/o James Hardie N.V.
26300 La Alameda, Suite 100

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Mission Viejo, CA 92691
Facsimile No.: 949-367-1294

If to the Corporation:
James Hardie N.V.
c/o De Brauw Blackstone Westbroek
Tripolis 300
Burgerweeshuispad 301
P.O. Box 75084
1070 AB Amsterdam
The Netherlands
Facsimile No.: 31-20-577-1721
Attn: Martin van Olffen

With a copy to:
Gibson, Dunn & Crutcher
Jamboree Center
4 Park Plaza
Irvine, CA 92714-8557
Facsimile No.: 949-451-4220
Attn: Mark W. Shurtleff

If to Inc:
James Hardie (USA) Inc.
26300 La Alameda Suite 250
Mission Viejo, CA 92691
Facsimile No.: 949-367-1294
Attn: Peter Macdonald

With a copy to:
Gibson, Dunn & Crutcher
Jamboree Center
4 Park Plaza
Irvine, CA 92714-8557
Facsimile No.: 949-451-4220
Attn: Mark W. Shurtleff

or to such other address as either party may have farnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

16. Effectiveness. This Agreement shall be effective as of the day and year first above written, and shall apply to any Proceedings relating to matters which occurred prior to such date.

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

JAMES HARDIE N.V.

By: _____
Name: Don E. Cameron
Title: Managing Director

JAMES HARDIE (USA) INC.

By: _____
Name:
Title:

INDEMNITEE

By: _____
Name:

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EXHIBIT 4.16

JOINT AND SEVERAL INDEMNITY AGREEMENT

AGREEMENT dated as of_____, 2001 by and between James Hardie Industries N.V., a corporation formed under the laws of The Netherlands (the "Corporation"), and James Hardie Inc., a corporation formed under the laws of the State of Nevada ("Inc" and together with the Corporation, the "Indemnitors") on the one hand, and _____ (the "Indemnitee"), on the other.

RECITALS

The Indemnitee is, or is willing to become, a director and/or officer of the Corporation, Inc and/or an Affiliate Indemnitee (as hereinafter defined). Each of the Indemnitors and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today's environment.

The Articles of Association of the Corporation and the Articles of Incorporation and Bylaws of Inc (collectively, the "Charter Documents") permit the Indemnitors to indemnify their respective directors and officers as currently provided therein. The Charter Documents permit the Indemnitors to purchase and maintain insurance or to furnish similar protection or make other arrangements (any such insurance, protection or arrangement, an "Indemnification Arrangement") on behalf of the Indemnitee against personal liability (including, but not limited to, providing for Advanced Amounts as hereinafter defined) asserted against him or incurred by or on behalf of him in such capacity as a director or officer of such Indemnitor or as an Affiliate Indemnitee, or arising out of his status as such, whether or not such Indemnitor would have the power to indemnify him against such liability under the provisions of this Agreement or under applicable law, including Title 7 of the Nevada Revised Statutes (hereinafter the Nevada General Corporation Law or the "NGCL"), as it may then be in effect.

In part to provide the Indemnitee with specific contractual assurance of substantial protection against personal liability (regardless of, among other things, any amendment to or revocation of the aforementioned provisions of any of the Indemnitor's Charter Documents or any change in the composition of such Indemnitor's Board of Directors or control of such Indemnitor), each of the Indemnitors desires to enter into this Agreement. The NGCL expressly recognizes that the indemnification provisions of the NGCL are not exclusive of any other rights to which a person seeking indemnification may be entitled under the Charter Documents, or an agreement providing for indemnification, or a resolution of stockholders or directors, or otherwise, and the Charter Documents of the Indemnitors expressly recognize that the indemnification provisions of the Charter Documents shall not be deemed exclusive of, and shall not affect, any other rights to which a person seeking indemnification may be entitled under any agreement, and this Agreement is being entered into pursuant to the Charter Documents, as permitted by applicable law, and has been authorized by the stockholders of the Indemnitors.

In order to induce the Indemnitee to serve as a director and/or officer of the Corporation and/or Inc and in consideration of the Indemnitee's so serving, each of the

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Indemnitors desires jointly and severally to hold harmless and indemnify the Indemnitee and to make arrangements pursuant to which the Indemnitee may be advanced or reimbursed expenses incurred by the Indemnitee in certain proceedings, in every case to the fullest extent authorized or permitted by the NGCL, or any other applicable law, or by any amendment thereof or other statutory provisions authorizing or permitting such indemnification which are adopted after the date hereof (but, in the case of any such amendment, only to the extent that such amendment permits the Indemnitor to provide broader indemnification rights than the NGCL, or other applicable law, permitted such Indemnitor to provide prior to such amendment).

NOW, THEREFORE, in consideration of the foregoing recitals and of the Indemnitee's willingness to serve the Corporation and/or Inc as a director and/or officer, the parties agree as follows:

1. Indemnification. (a) To the fullest extent allowed by law, each of the Indemnitors, jointly and severally, shall hold harmless and indemnify the Indemnitee, his executors, administrators or assigns against any and all expenses, liabilities and losses (including, without limitation, investigation expenses, expert witnesses' and attorneys' fees and expenses, judgments, penalties, fines, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon and any federal, state, local or foreign taxes imposed as a result of actual or deemed receipt of any payment hereunder) actually incurred by the Indemnitee (net of any related insurance proceeds or other amounts received by the Indemnitee or paid by or on behalf of an Indemnitor on the Indemnitee's behalf in compensation of such expenses, liabilities or losses) in connection with any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative or in arbitration, to which the Indemnitee is a party or participant or is threatened to be made a party or participant (a "Proceeding"), as a plaintiff, defendant, respondent, witness or otherwise, based upon, arising from, relating to or by reason of the fact that the Indemnitee: (a) is, was, shall be or shall have been a director and/or officer of an Indemnitor or (b) is or was serving, shall serve, or shall have served at the request of an Indemnitor as a director, officer, partner, trustee, fiduciary, employee or agent ("Affiliate Indemnitee") of another foreign or domestic corporation or non-profit corporation, cooperative, partnership, joint venture, trust, employee benefit plan, or other incorporated or unincorporated enterprise (each, a "Company Affiliate"); or arising from or relating to any action or omission to act taken by the Indemnitee in any of the foregoing capacities; provided, however, that, except as provided in Section 9(b) hereof, an Indemnitor shall indemnify the Indemnitee in connection with a Proceeding initiated by the Indemnitee only if such proceeding (or part thereof) was authorized by a two-thirds vote of the Board of Directors of such Indemnitor.

(b) The Indemnitee shall be presumed to be entitled to such indemnification under this Agreement upon submission of a written claim pursuant to Section 4 hereof. Thereafter, the Indemnitors shall have the burden of proof to overcome the presumption that the Indemnitee is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals has expired ("Final Determination"), which is adverse to the Indemnitee and which establishes (i) that his acts were committed in bad faith, or were the result of active and deliberate dishonesty or

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willful fraud or illegality, and were material to the cause of action so adjudicated or (ii) that the Indemnitee in fact personally gained a financial profit or other advantage to which he was not legally entitled. If the Indemnitee is not wholly successful in any Proceeding but is successful on the merits or otherwise as to one or more but less than all claims, issues or matters in such Proceeding the Indemnitors agree, jointly and severally, to indemnify the Indemnitee to the maximum extent permitted by law against all losses and expenses incurred by the Indemnitee in connection with each successfully resolved claim, issue or matter. Neither the failure of any of the Indemnitors (including their respective Boards of Directors, legal counsel or stockholders) to have made a determination prior to the commencement of such Proceeding that indemnification of the Indemnitee is proper in the circumstances because such person has met the applicable standard of conduct, nor an actual determination by such Indemnitor (including its Board of Directors, its legal counsel or its stockholders) that the Indemnitee has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or adversely affect the rights and obligations of any of the Indemnitors or of the Indemnitee under this Agreement, except as expressly provided herein, and the execution and delivery of this Agreement by the Indemnitors and the Indemnitee shall not in any way diminish, restrict, limit or adversely affect the Indemnitee's right to indemnification from the Indemnitors or any other party or parties under any other Indemnification Arrangement, the Charter Documents of any of the Indemnitors, or applicable law.

2. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of an Indemnitor or any affiliate of an Indemnitor against the Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by applicable law under the circumstances. Any claim or cause of action of the Indemnitor or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

3. Insurance. Subject only to the provisions of this Section 3, as long as the Indemnitee shall continue to serve as a director and/or officer of an Indemnitor (or shall continue at the request of an Indemnitor to serve as an Affiliate Indemnitee) and, thereafter, as long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director and/or officer of an Indemnitor (or served in any of said other capacities), at least one of the Indemnitors shall use its best efforts to purchase and maintain in effect for the benefit of the Indemnitee one or more valid, binding and enforceable policies of directors' and officers' liability insurance (or maintain an appropriate self-insurance program) providing adequate liability coverage for the Indemnitee's acts as a director and/or officer of an Indemnitor or as an Affiliate Indemnitee ("D&O Insurance"). The Indemnitors shall promptly notify the Indemnitee of any lapse, amendment or failure to renew said policy or policies or any provision thereof relating to the extent or nature of coverage provided thereunder. In the event the Indemnitors do not purchase or maintain in effect said policy or policies of D&O Insurance pursuant to the provisions of this Section 3,

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the Indemnitors shall, in addition to and not in limitation of the other rights granted the Indemnitee under this Agreement, hold harmless and indemnify the Indemnitee to the full extent of coverage which would otherwise have been provided for the benefit of the Indemnitee pursuant to the D&O Insurance.

4. Claims for Payments. The Indemnitee shall have the right to receive from the Indemnitors on demand or, at his option, to have any of the Indemnitors pay promptly on his behalf, in advance of a Final Determination of a Proceeding, all amounts payable by the Indemnitors pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by the Indemnitee in connection with any Proceeding or otherwise (such amounts so expended or incurred being referred to as "Advanced Amounts") In making any claim for payment by the Indemnitors of any amount, including any Advanced Amount, pursuant to this Agreement, the Indemnitee shall submit to the Indemnitors a written request for payment (a "Claim") which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement, or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit.

Where the Indemnitee is requesting Advanced Amounts, the Indemnitee must also provide an undertaking to repay such Advanced Amounts if a Final Determination is made that the Indemnitee is not entitled to indemnification hereunder.

5. Section 16(b) Liability. No Indemnitor shall be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of securities of an Indemnitor within the meaning of Section 16(b) of the Securities Exchange Act of 1934, and amendments thereto, or similar provisions of any state statutory law or common law.

6. Continuation of Indemnity. All agreements and obligations of the Indemnitors contained herein shall continue during the period the Indemnitee is a director and/or officer of an Indemnitor (or is serving at the request of an Indemnitor as an Affiliate Indemnitee) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director or officer of an Indemnitor or served as such an Affiliate Indemnitee.

7. Successors: Binding Agreement. This Agreement shall be binding on, and shall inure to the benefit of and be enforceable by, each of the Indemnitor's successors and assigns and by the Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees, divisees and legatees. Each Indemnitor shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of such Indemnitor expressly to assume and agree in writing to perform this Agreement in the same manner and to the same extent that such Indemnitor would be required to perform if no such succession or assignment had taken place.

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8. Notification and Defense of Claim. Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim in respect thereof is to be made against an Indemnitor under this Agreement, notify such Indemnitor of the commencement thereof, but the failure to so notify such Indemnitor will not relieve the Indemnitors from any liability which it may have to the Indemnitee (except to the extent that the Indemnitors are prejudiced by such failure). With respect to any such Proceeding:

(i) Each Indemnitor shall be entitled to participate therein at its own expense;

(ii) Except with prior written consent of the Indemnitee, the Indemnitors shall not be entitled to assume the defense of any Proceeding;

(iii) No Indemnitor shall settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent (not to be unreasonably withheld or delayed); and

(iv) The Indemnitee shall not settle any Proceeding without the Indemnitors' prior written consent (not to be unreasonably withheld or delayed).

9. Enforcement. (a) Each Indemnitor has entered into this Agreement and assumed the obligations imposed on such Indemnitor hereby in order to induce the Indemnitee to act as a director and/or officer of the Corporation and/or Inc or as an Affiliate Indemnitee and acknowledges that the Indemnitee is relying upon this Agreement in agreeing to serve or continuing in such capacity.

(b) All expenses incurred by the Indemnitee in connection with the preparation and submission of the Indemnitee's request for indemnification hereunder shall be borne, jointly and severally, by the Indemnitors. In the event the Indemnitee has requested payment of any amount under this Agreement or under the D&O Insurance and has not received payment thereof within thirty (30) days of such request, the Indemnitee may bring any action to enforce his rights or such collect moneys due, and, if the Indemnitee is successful in such action, the Indemnitors shall reimburse the Indemnitee for all of the Indemnitee's fees and expenses in bringing and pursuing such action. If it is determined that the Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, or is entitled to part (but not all) of the amounts claimed under the D&O Insurance, such fees and expenses shall be reasonably prorated. The Indemnitee shall be entitled to the advancement of such amounts to the full extent contemplated by Section 4 hereof in connection with such Proceeding.

10. Contribution. If the indemnification provided for herein in respect of any expense, liability or loss incurred by Indemnitee in connection with any Proceeding is finally determined by a court of competent jurisdiction to be prohibited by applicable law, then the Indemnitors, in lieu of indemnifying Indemnitee, shall contribute to the amount paid or payable by Indemnitee as a result of such expense, liability or loss in such proportion as is appropriate to reflect (i) the relative benefits received by the Indemnitors on the one hand

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and Indemnitee on the other hand from the events, circumstances, conditions, happenings, actions or transactions from which such Proceeding arose, (ii) the relative fault of the Indemnitors (including their affiliates) on the one hand and of Indemnitee on the other hand in connection with the events, circumstances and happenings which resulted in such expense, liability or loss (such relative fault to be determined by reference to, among other things, the parties relative intent, knowledge, access to information and opportunity to correct or prevent the events, circumstances and/or happenings resulting in such expense, liability or loss), and (iii) any other relevant equitable considerations, it being agreed that it would not be just and equitable if such contribution were determined by pro rata or other method of allocation which does not take into account the foregoing equitable considerations.

11. Separability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any sections or subsections of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of any section or subsections of this Agreement containing any such provisions held to be invalid, illegal or unenforceable shall be construed so as to give effect to the intent of the parties that the Indemnitors (or any of them) provide protection to the Indemnitee to the fullest extent enforceable.

12. Subrogation. In the event of payment under this Agreement, the Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights.

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by the Indemnitee and an officer of each of the Indemnitors designated by the Board of Directors of such Indemnitor. No waiver by either party at any time of any breach by the other party of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada, without giving effect to the principles of conflicts of laws thereof.

14. Notices. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand against a receipt therefor, received by facsimile, or five days after being mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

If to the Indemnitee: _____

c/o James Hardie Industries N.V.
26300 La Alameda, Suite 100

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	Mission Viejo, CA 92691 Facsimile No.: 949-367-1294
If to the Corporation:	James Hardie Industries N.V. c/o De Brauw Blackstone Westbroek Tripolis 300 Burgerweeshuispad 301 P.O. Box 75084 1070 AB Amsterdam The Netherlands Facsimile No.: 31-20-577-1721 Attn: Martin van Olffen
With a copy to:	Gibson, Dunn & Crutcher Jamboree Center 4 Park Plaza Irvine, CA 92714-8557 Facsimile No.: 949-451-4220 Attn: Mark W. Shurtleff
If to Inc:	James Hardie Inc. 26300 La Alameda Suite 250 Mission Viejo, CA 92691 Facsimile No.: 949-367-1294 Attn: Peter Macdonald
With a copy to:	Gibson, Dunn & Crutcher Jamboree Center 4 Park Plaza Irvine, CA 92714-8557 Facsimile No.: 949-451-4220 Attn: Mark W. Shurtleff

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

16. Effectiveness. This Agreement shall be effective as of the day and year first above written, and shall apply to any Proceedings relating to matters which occurred prior to such date.

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

JAMES HARDIE INDUSTRIES N.V.

By: _____
Name: Don E. Cameron
Title: Managing Director

JAMES HARDIE INC.

By: _____
Name:
Title:

INDEMNITEE

By: _____
Name:

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EXHIBIT 4.17

ACCESS INDEMNITY AND INSURANCE DEED

JAMES HARDIE INDUSTRIES LIMITED

ALLEN ALLEN & HEMSLEY
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia
Tel 61 2 9230 4000
Fax 61 2 9230 5333

DATE

[Date]

PARTIES

1. JAMES HARDIE INDUSTRIES LIMITED (ACN 000 009 263) incorporate in New South Wales of Level 8, 65 York Street, Sydney NSW 2000 ("COMPANY");

FOR THE BENEFIT OF:

2. [NAME] of [Address] ("COVENANTEE").

RECITALS

A The Constitution of the Company authorises it to grant an indemnity to the directors and other officers of the Company.

B The Covenantee is a director or alternate director of the Company.

C The Company and the Covenantee agree to enter into this Deed, to grant an indemnity to the Covenantee which will continue after the expiry of his period of office, and to specify the Covenantee's rights to be insured and to obtain access to the Books of the Company.

IT IS AGREED as follows.

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Deed, the following words have the following meanings unless otherwise required by the context or subject matter:

AMENDMENT DATE means the effective date of the amendments to the Company's Constitution, as approved by its members at its general meeting on 13 July 2000.

APPOINTMENT DATE means the date the Covenantee became an Officer, having consented to act in that capacity.

ASIC means the Australian Securities and Investments Commission.

BOARD means the board of directors of the Company.

BOOKS has the meaning set out in section 9 of the Corporations Law.

CLAIM means any claim made or proceedings brought against the Covenantee or any inquiry by a Governmental Agency in which the Covenantee becomes involved or is required to appear, in each case, in the Covenantee's capacity as a director of the Company or any of its related bodies corporate.

DELIBERATIONS includes meeting of, and communications or discussions between, members of the Board, and committees on which members of the Board sit, and any decisions, resolutions or directives made at those meetings or discussions.

DOCUMENT means any of the following:

(a) a document as defined in section 9 of the Corporations Law:

(i) delivered to members of the Board for use in Deliberations;

(ii) used in Deliberations or referred to in Deliberations; or

(iii) which is reasonably material to Deliberations;

(b) any written advice or opinion from a solicitor or barrister addressed to both an Officer and the Company;

(c) any written advice or opinion from a solicitor or barrister where the advice or opinion is expressed to be for the benefit of or to be relied on by any Officer, either as an Officer or in their personal capacity, even if the advice or opinion is addressed only to the Company;

(d) a document as defined in section 9 of the Corporations Law which is referred to or mentioned in any document referred to in paragraphs (a), (b) or (c) above.

GOVERNMENTAL AGENCY means any government or any governmental, semi-governmental, or judicial entity or authority. It also includes any self regulatory organisation established under statute, any stock exchange or any committee of any state, territory or national parliament of any jurisdiction,

OFFICER has the meaning given in section 9 of the Corporations Law.

PERSON has the meaning as appears in section 9 of the Corporations Law.

SUBSIDIARY means a body corporate, all the issued share capital of which is held directly or indirectly by the Company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

1.2 INTERPRETATION

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requites otherwise.

(a) A reference to the COMPANY includes the company's administrators, liquidators, receivers, receivers and managers, representatives, and successors.

(b) A reference to the COVENANTEE includes the Covenantee's estate, administrators, executors and personal representatives.

(c) A reference to any LEGISLATION or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.

(d) The singular includes the plural and conversely.

(e) A gender includes all genders.

(f) A reference to CLAUSE is to a clause of this Deed.

(g) The use of INCLUDE, INCLUDES or INCLUDING does not limit what else might be included.

(h) Words or phrases having a particular meaning for the purposes of the Corporations Law have the same meaning in this Deed.

2. ACKNOWLEDGEMENT BY COMPANY

The Company provides the indemnity, allows the access to the Books of the Company and incurs the other obligations under this Deed in consideration for the Covenantee agreeing to act, or continue to act, as the case may be, as an Officer of the Company.

3. DUTIES OF COVENANTEE

On and from the Appointment Date the Covenantee must carry out the duties of his or her office in accordance with all applicable laws.

4. INDEMNITY

4.1 INDEMNITY

To the extent permitted by law and without limiting the powers of the Company, the Company indemnifies the Covenantee from and against all liabilities which result directly or indirectly from facts or circumstances, whether arising before, on or after the Amendment Date, relating to the Covenantee serving or having served in his or her capacity as an Officer of the Company or a related body corporate of the Company (as defined in the Corporations Law):

(a) to any person, other than:

(i) a liability owed to the Company or a related body corporate; or

(ii) a pecuniary penalty order or compensation order under the Corporations Law; or

(iii) a liability that is owed to someone (other than the Company or a related body corporate) and did not arise out of conduct in good faith,

(but this paragraph (a) does not apply to legal costs);

(b) for legal costs incurred by the Covenantee in defending or resisting proceedings for a liability if the costs are incurred other than:

(i) in defending or resisting civil proceedings in which the Covenantee is found to have a liability for which they could not be indemnified under paragraph (a); or

(ii) in defending or resisting criminal proceedings in which the Covenantee is found guilty; or

(iii) in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or

(iv) in connection with proceedings for relief to the Covenantee under the Corporations Law in which the court denies relief to the Covenantee.

Clause 4.1(b)(iii) does not apply to costs incurred by the Covenantee in responding to actions brought by ASIC or a liquidator as part of an investigation, before commencing proceedings for the court order.

4.2 SEPARATE LEGAL REPRESENTATION

If, in respect of a Claim, the Company elects to conduct the litigation under Clause 8.6, then the Company may decide, with proper regard to the interests of the Covenantee, to indemnify or refuse to indemnify (subject to Clause 8.1) the Covenantee with respect to any separate legal or other representation engaged by the Covenantee to advise or assist with the Covenantee's participation in the Claim.

4.3 IMPACT OF TAXATION - COMPULSORY GROSSING UP

The amount of any indemnity payment to the Covenantee must be calculated having regard to the impact of taxation laws on the Covenantee in relation to any payment required to be made by, or to, the Covenantee, with the intention of ensuring that the Covenantee is placed in the same after tax position as if the liability to which the indemnity payment relates had not been incurred. In particular, and to the extent necessary to achieve this intention, an indemnity payment required to be made to the Covenantee under Clause 4.1 must be grossed up for any income tax incurred by the Covenantee in respect of it (after taking into account any allowable deductions available to the Covenantee in respect of the liability to which the indemnity payment relates).

4.4 GST GROSS UP

If all or part of any payment made under this Deed is the GST exclusive consideration for a taxable supply for GST purposes, the person making the payment must pay to the recipient an additional amount equal to that payment (or part) multiplied by the appropriate rate of GST (which is currently 10%).

4.5 PAYMENT

The Company shall within 14 days of a written demand from the Covenantee made from time to time pay the Covenantee the amount which is payable under this Deed. A demand made by the Covenantee under this Clause shall contain reasonable details of the amounts payable by the Company.

4.6 REPAYMENT

The Covenantee undertakes to repay the Company any amount paid by the Company under Clause 4.5 if, and only to the extent that:

(a) a court of competent jurisdiction determines that the Covenantee is not entitled to be indemnified by the Company for such liabilities; or

(b) the Covenantee receives payment under a contract of insurance procured by the Company or any other person in respect of those liabilities or the insurer has paid, discharged and satisfied those liabilities directly; or

(c) the Company pays an amount to the Covenantee in excess of the amount actually payable by way of indemnity under Clause 4.1 or under the indemnity set out in the Company's constitution.

4.7 INDEMNITY GIVEN IN ADDITION TO ANY OTHER INDEMNITY

The indemnity under this Deed is given to the Covenantee in addition to any other indemnity given by the Company to the Covenantee whether by way of agreement, under the Company's constitution, by statute or otherwise, but nothing in this Deed requires the Company to pay more than once in respect of any Claim.

4.8 INDEMNITY AFTER COVENANTEE CEASES TO BE AN OFFICER

The indemnity given by the Company under this Deed shall be in force and shall continue for 7 years from the date from which the Covenantee ceases to be an Officer and during that period it shall be irrevocable and shall not be affected by:

(a) any intermediate payments, settlement of accounts or payment;

(b) laches, acquiescence or delay on the part of the Covenantee;

(c) the death, bankruptcy, insolvency or liquidation of any Person; or

(d) any other thing or matter which might otherwise affect it whether in law or equity.

5. COMPANY TO PAY INSURANCE PREMIUM

(a) The Company agrees to procure and pay the premium for and maintain in full force and effect a contract of insurance from an established and reputable insurer, or, if appropriate, through a properly established and maintained self-insurance program, which insures the Covenantee against all liabilities incurred by the Covenantee directly or indirectly as an Officer of the Company or a related body corporate, provided that:

(i) the provisions of the Corporations Law including, but not limited to, Part 2D.2 is complied with in regard to the above; and

(ii) the liability does not arise out of conduct involving a wilful breach of duty to the Company or to a related body corporate or a contravention of sections 182 or 183 of the Corporations Law.

(b) The insurance contract referred to in paragraph (a) must provide insurance against liability for costs and expenses incurred by the Covenantee in defending or resisting proceedings, whether civil or criminal and whatever their outcome.

(c) Unless the Company agrees otherwise, the insurance contract referred to in paragraph (a) will contain a provision waiving all rights of subrogation or action by the Covenantee against the Company.

(d) If a notice has been given to the insurer as referred to in Clause 8, the Company must take all steps reasonably necessary or desirable in order to cause the insurer to pay to the Covenantee all amounts payable under the contract of insurance in connection with any claim or proceeding against the Covenantee.

(e) The Company must provide to the Covenantee a copy of all contracts of insurance procured by the Company pursuant to this clause which insure the Covenantee within 30 days of request by the Covenantee.

(f) The Company will use its best endeavours to ensure that it does not do anything which will

(i) render void any contract of insurance maintained under this Clause; or

(ii) entitle an insurer of such a contract of insurance to refuse the payment of a claim or to reduce the amount of the claim being paid.

6. INSURANCE AFTER COVENANTEE CEASES TO BE AN OFFICER

6.1 DURATION OF INSURANCE

The obligations of the Company referred to in Clause 5 shall continue for 7 years from the date from which the Covenantee ceases to be an Officer of the Company.

6.2 SAME COVERAGE

If the Covenantee has ceased to be an Officer of the Company, a contract of insurance procured by the Company pursuant to Clause 5 and the previous paragraph must provide insurance to the same extent and in relation to the same liabilities as contracts of insurance procured and paid for by the Company for the benefit of other persons who are, at the time the contracts of insurance are procured pursuant to this clause, Officers, or if there are no such contracts of insurance then to the same extent and in relation to the same liabilities as the contract of insurance applicable to the Covenantee immediately prior to ceasing to be an Officer.

7. DISCLOSURE IN DIRECTORS' REPORT

The Covenantee and the Company agree that, subject to any exception provided for in the Corporations Law or granted or approved by ASIC, full particulars of the Company's indemnities and insurance premiums in relation to the Covenantee will be included each year in the Directors' report in compliance with the requirements of the Corporations Law.

8. NOTIFICATION AND CONDUCT OF CLAIMS

8.1 OBLIGATIONS ON COVENANTEE

When the Covenantee wishes to obtain the benefit of this indemnity, the Covenantee must:

(a) give notice to the Company promptly upon becoming aware of any Claim or any circumstances which give rise or could give rise to a Claim;

(b) take such reasonable action as the Company requests to avoid, dispute, resist, bring an appeal on, compromise or defend any Claim or any adjudication of any Claim;

(c) not settle or compromise any Claim or make any admission of liability or payment in relation to any Claim without the prior written consent of the Company which must not be unreasonably withheld; and

(d) upon request by the Company, render all reasonable assistance and co-operation to the Company in the conduct of the Claim, including providing the Company with any documents, authorities and directions that the Company may reasonably require.

The Covenantee is entitled to be reimbursed by the Company for actual costs reasonably incurred by the Covenantee in taking action pursuant to Clause 8.1.

8.2 LIMIT ON COVENANTEE'S OBLIGATIONS

If the Covenantee complies with Clause 8.1(a) and either the Company fails to make a

payment in respect of the indemnity set out in Clause 4.1 or refuses to acknowledge that it is liable to indemnify the Covenantee in respect of the Claims under Clause 4.1, then the Covenantee is not obliged to comply with Clauses 8.1(b), (c) or (d).

8.3 NOTIFICATION OF INSURER

If the Covenantee gives a notice under Clause 8.1 to the Company, the Company must promptly give to the insurer referred to in Clause 5 a written notice in substantially the same terms and which complies with the terms and conditions of the insurance contract procured by the Company.

8.4 OBLIGATIONS ON COMPANY TO NOTIFY COVENANTEE

The Company must notify the Covenantee in writing as soon as reasonably practicable after becoming aware of any Claim or circumstances which give rise or could give rise to a Claim, including if any Claim is threatened or made against the Company which may result in the Claim being made against the Covenantee.

8.5 RELIEF FOR THE COMPANY

If, in relation to a Claim, and subject to Clause 8.2, the Covenantee has failed to perform an obligation under Clause 8.1 to the material prejudice of the Company in relation to that Claim, the Company is relieved from each and every obligation owed under this Deed in respect of the Claim to the Covenantee.

8.6 CONDUCT OF LITIGATION WHERE THE COMPANY ADMITS LIABILITY

If the Company:

(a) acknowledges and gives written notice to the Covenantee that it is liable to indemnify the Covenantee in respect of a Claim under Clause 4.1;

(b) provides adequate security for all legal and other costs in connection with the defence of that Claim and any related proceedings and pays such costs as they arise;

(c) satisfies, and continues to satisfy, the Covenantee of its financial ability to indemnify the Covenantee; and

(d) obtains legal advice from senior counsel experienced in the relevant area that there is a reasonable prospect of successfully defending that Claim and Counsel remains of that view,

the Company shall be entitled to conduct the defence of such a Claim under its sole management and control and at its sole cost and, for that purpose, to institute such legal and other proceedings (including cross-claims) in the name of the Covenantee as it thinks fit. However:

(e) the Company will have regard to the principle that the reputation of the Covenantee should not be unnecessarily injured; and

(f) the Company must not settle that Claim without the prior written approval of the Covenantee, or instruct the Covenantee to do so, unless the Company has first satisfied the Covenantee that moneys are available to pay the settlement amount.

For so long as the Company is entitled to conduct the defence of a Claim, the Covenantee must promptly render all reasonable assistance and co-operation to the Company in the conduct of the relevant proceedings.

9. MAINTENANCE OF AND ACCESS TO DOCUMENTS

9.1 MAINTENANCE OF DOCUMENTS

The Company must keep and maintain in chronological order a complete set of all Documents relating to the period of time the Covenantee is an Officer of the Company or a related body corporate. The company secretary from time to time of the Company will have the responsibility of maintaining this set of Documents and ensuring that the Documents are kept in safe and secure custody.

9.2 ACCESS TO DOCUMENTS

(a) The Covenantee may, while being an Officer of the Company, inspect the Books of the Company (other than its financial records) at all reasonable times for the purposes of a legal proceeding or any ASIC or liquidator investigation:

(i) to which the Covenantee is a party; or

(ii) that the Covenantee proposes in good faith to bring; or

(iii) that the Covenantee has reason to believe will be brought against him or her.

(b) The Covenantee may, while being an Officer of the Company, inspect its financial records at all reasonable times.

(c) The Covenantee may, for a period of 7 years after ceasing to be an Officer of the Company, inspect the Books of the Company (including its financial records) at all reasonable times for the purposes of a legal proceeding or any ASIC or liquidator investigation:

(i) to which the Covenantee is a party; or

(ii) that the Covenantee proposes in good faith to bring; or

(iii) that the Covenantee has reason to believe will be brought against him or her.

(d) The Covenantee may make copies of the Books (including financial records) for the purposes of the legal proceeding or investigation referred to above.

9.3 REQUEST FOR ACCESS

If the Covenantee wishes to have access to the Books under Clause 9.2, the Covenantee must deliver to the company secretary from time to time of the Company a written request for such access. A request may specify particular documents which the Covenantee wishes to have access to or the request may specify documents by reference to type, date or by a general description. A request must include reasons for or the purpose for which the Covenantee wishes to have access to the Books.

9.4 RESPONSIBILITY OF COMPANY SECRETARY

The Company must ensure that the company secretary from time to time of the Company will have the responsibility of:

(a) making arrangements with the Covenantee for the giving of access to the Books of the Company;

(b) ensuring that following receipt of a written request for access pursuant to Clause 9.3 above, access to the Books of the Company under Clause 9.2 above is given within 14 days of receipt of the request, or such other period as the Covenantee and the company secretary agree; and

(c) reporting to the Board all requests for access received by the company secretary pursuant to Clause 9.3 above.

9.5 REFUSAL OF ACCESS

The Company may instruct the company secretary of the Company that he or she must, on the instructions of the Board, refuse access by the Covenantee if:

(a) access is inconsistent with the Covenantee's obligations in this Deed;

(b) access may cause waivers of the Company's or a related body corporate's legal professional privilege attaching to those Documents and access is requested by the Covenantee at a time during which the Covenantee and the Company or any of its related bodies corporate are involved or potentially involved, as determined by the Company acting in good faith, against each other.

9.6 RESOURCES

The Company must provide the company secretary with adequate resources to discharge his responsibilities under this Clause 9.

10. RIGHT TO KEEP DOCUMENTS

Subject to Clause 11, the Company acknowledges that the Covenantee may keep and retain possession of any Document given or delivered to the Covenantee during the time that the Covenantee is an Officer unless:

(a) the Company reserved its right to recall the Document when the Document was delivered or given to the Covenantee and the Company has in fact recalled the Document;

(b) conditions regarding possession or disposal of the Document were attached to the Document when the Document was delivered or given to the Covenantee, in which case those conditions shall have effect according to their terms; or

(c) the Document is the property of a Subsidiary, in which case the Covenantee must return the Document and all copies of it to the Subsidiary upon the Covenantee ceasing to be an Officer.

11. PRESERVATION OF CONFIDENTIALITY AND LEGAL PROFESSIONAL PRIVILEGE

11.1 CONFIDENTIALITY

The Covenantee must keep confidential all confidential information contained in a document or other material included in the Books of the Company which the Covenantee has had access to or which the Covenantee possesses and the Covenantee must not divulge or release that information to any person other than in the course of seeking legal advice or as authorised in writing by the Company or as required by an order of a Court.

11.2 LEGAL PROFESSIONAL PRIVILEGE

If a document or other material included in the Books of the Company which the Covenantee has access to or which the Covenantee possesses is the subject of legal professional privilege to the benefit of both the Company and the Covenantee, the Covenantee must not do any act or thing or omit to do any act or thing which act or thing or omission will cause that privilege to be waived, extinguished or lost.

11.3 NO LIMITATION

Clauses 11.1 and 11.2 shall not be taken to derogate from or to limit any duty owed by the Covenantee to the Company.

12. OTHER RIGHTS

The benefits and rights provided or in favour of the Covenantee under this Deed shall be construed separately from and shall not derogate from any other rights which the Covenantee may have under any law, the Constitution of the Company, or otherwise and shall continue in force and effect during the period referred to in Clause 4.7 notwithstanding any of the events mentioned in that clause.

13. GOVERNING LAW

This document is governed by, and is to be interpreted in accordance with, the laws of New South Wales, The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there.

14. SEVERANCE

If any part, being a word, sentence, paragraph or otherwise, of this document is, or becomes, void or unenforceable, that part is, or will be, severed from this document so that all parts that are not, or do not become, void or unenforceable remain in full force and effect and are unaffected by that severance.

15. NOTICES

Any notice given under this Deed:

(a) must be in writing addressed to the intended recipient at the address shown below:

(c) THE COMPANY:

James Hardie Industries Limited
65 York Street
Sydney NSW 2000
Attention: Company Secretary
Fax: 9262 5758

THE COVENANTEE:

[Name]
[Address]

or the address last notified by the intended recipient to the sender;

(d) must be signed by a person duly authorised by the sender, and

(e) will be taken to have been given when delivered, received or left at the above address. If delivery or receipt occurs on a day when business is not generally carried on in the place to which the notice is sent, or is later than 4pm (local time), it will be taken to have been duly given at the commencement of business on the next day when business is generally carried on in that place.

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16. NO WAIVER

No failure to exercise and no delay in exercising any right, power or remedy under this Deed will operate as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

17. AMENDMENT

This Deed may be amended only by another deed executed by all parties.

EXECUTED and DELIVERED as a deed.

JAMES HARDIE INDUSTRIES)
LIMITED)
)

Signature	Signature
Name	Name
Director	Secretary
SIGNED SEALED and DELIVERED) by) in the presence of:)	
	Signature
Witness	Name
Print name	

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EXHIBIT 4.18

FORM OF

JOINT AND SEVERAL INDEMNITY AGREEMENT

This Joint and Several Indemnity Agreement (this "Agreement") is made as of _____ by and between James Hardie Industries N.V., a company incorporated under the laws of The Netherlands with its corporate seat at Amsterdam, The Netherlands, ("Parent"), and James Hardie Building Products Inc, a corporation formed under the laws of the State of Nevada and a wholly-owned subsidiary of Parent ("Corporation" and together with Parent, the "Indemnitors") on the one hand, and _____ (the "Indemnitee"), on the other.

RECITALS

The Indemnitee is an employee or agent of the Corporation and/or an Affiliate Indemnitee (as hereinafter defined). Each of the Indemnitors and the Indemnitee recognize the increased risk of litigation and other claims being asserted against employees or agents of public companies in today's environment.

The Articles of Association of Parent and the Certificate of Incorporation and Bylaws of Corporation (collectively, the "Charter Documents") permit the Indemnitors to indemnify their respective employees and agents as currently provided therein. The Charter Documents permit the Indemnitors to furnish similar protection or make other arrangements (any such protection or arrangement, an "Indemnification Arrangement") on behalf of the Indemnitee against personal liability (including, but not limited to, providing for Advanced Amounts as hereinafter defined) asserted against him or incurred by or on behalf of him in such capacity as an employee or agent of such Indemnitor or as an Affiliate Indemnitee, or arising out of his status as such, whether or not such Indemnitor would have the power to indemnify him against such liability under the provisions of this Agreement or under applicable law, (including Title 7 of the Nevada Revised Statutes hereinafter the "General Corporation Law") as it may then be in effect.

In part to provide the Indemnitee with specific contractual assurance of substantial protection against personal liability (regardless of, among other things, any amendment to or revocation of the aforementioned provisions of any of the Indemnitor's Charter Documents or any change in the composition of such Indemnitor's Board of Directors [in respect of Parent such term refers to its Joint Board, Managing Board or Supervisory Board] or control of such Indemnitor), each of the Indemnitors desires to enter into this Agreement. The General Corporation Law expressly recognizes that the indemnification provisions of the General Corporation Law are not exclusive of any other rights to which a person seeking indemnification may be entitled under the Charter Documents, or any other agreement providing for indemnification, or a resolution of stockholders or directors, or otherwise, and the Charter Documents of the Indemnitors expressly recognize that the indemnification provisions of the Charter Documents shall not be deemed exclusive of, and shall not affect, any other rights to which a person seeking indemnification may be entitled under any agreement.

In order to induce the Indemnitee to serve as an employee and/or agent of the Corporation and in consideration of the Indemnitee's so serving, each of the Indemnitors desires jointly and severally to hold harmless and indemnify the Indemnitee and to make arrangements

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pursuant to which the Indemnitee may be advanced or reimbursed expenses incurred by the Indemnitee in certain proceedings, in every case to the fullest extent authorized or permitted by the General Corporation Law, or any other applicable law, the Charter Documents, or by any amendment thereof or other statutory provisions authorizing or permitting such indemnification which are adopted after the date hereof (but, in the case of any such amendment, only to the extent that such amendment permits the Indemnitor to provide broader indemnification rights than the General Corporation Law, or other applicable law, or the Charter Documents, permitted such Indemnitor to provide prior to such amendment).

NOW, THEREFORE, in consideration of the foregoing recitals and of the Indemnitee's willingness to serve the Corporation as an employee and/or agent, the parties agree as follows:

1. Service by the Indemnitee. The Indemnitee shall serve and continue to serve as an employee and/or agent of the Corporation so long as he is retained in such capacity or until such time as he tenders his resignation in writing. Subject to any other contractual obligation or other obligation imposed by operation of law, the Indemnitee may at any time and for any reason resign from such position. If the Indemnitee serves in any other capacity with respect to either Indemnitor or any Affiliate Indemnitor (as hereinafter defined), nothing in this Agreement will confer upon the Indemnitee the right to continue in the employ of either Indemnitor or the Affiliate Indemnitor or affect the right of either Indemnitor or the Affiliate Indemnitor to terminate the Indemnitee's employment at any time in the sole discretion of such Indemnitor and/or the Affiliate Indemnitor, with or without cause.

2. Indemnification. (a) To the fullest extent permitted by applicable law in effect on the date hereof or as such laws may from time to time be amended and by the Charter Documents, each of the Indemnitors, jointly and severally, shall hold harmless and indemnify the Indemnitee, his executors, administrators or assigns against any and all expenses, liabilities and losses (including, without limitation, investigation expenses, expert witnesses' and attorneys' fees and expenses, judgments, penalties, fines, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon and any federal, state, local or foreign taxes imposed as a result of actual or deemed receipt of any payment hereunder) actually and reasonably incurred by the Indemnitee (net of any related insurance proceeds or other amounts received by the Indemnitee or paid by or on behalf of an Indemnitor on the Indemnitee's behalf in compensation of such expenses, liabilities or losses) in connection with any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative or in arbitration, to which the Indemnitee is a party or participant or is threatened to be made a party or participant (a "Proceeding"), as a plaintiff, defendant, respondent, witness or otherwise, based upon, arising from, relating to or by reason of the fact that the Indemnitee: (1) is, was, shall be or shall have been an employee and/or agent of an Indemnitor or (2) is or was serving, shall serve, or shall have served at the request of an Indemnitor as a director, officer, partner, trustee, fiduciary, employee or agent ("Affiliate Indemnitee") of another foreign or domestic corporation or non-profit corporation, cooperative, partnership, joint venture, trust, employee benefit plan, or other incorporated or unincorporated enterprise (each, an "Affiliate Indemnitor") or arising from or relating to any action or omission to act taken by the Indemnitee in any of the foregoing capacities; provided, however, that, except as provided in Section 10(c) or (d) hereof, an Indemnitor shall indemnify the Indemnitee in connection with a Proceeding initiated by the

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Indemnitee only if such proceeding (or part thereof) was authorized by a two-thirds vote of the Board of Directors of such Indemnitor.

(b) The Indemnitee shall be presumed to be entitled to such indemnification under this Agreement upon submission of a written claim pursuant to Section 8 hereof. Thereafter, the Indemnitors shall have the burden of proof to overcome the presumption that the Indemnitee is so entitled. Such presumption shall only be overcome by a judgment or other final adjudication, after all appeals and all time for appeals has expired ("Final Determination"), which is adverse to the Indemnitee and which establishes that the Indemnitee is not entitled to any indemnity pursuant to Section 2 (e) hereof.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself create a presumption that Indemnitee is not entitled to indemnification or otherwise adversely affect the rights of the Indemnitee to indemnification except as may be provided herein.

(d) If the Indemnitee is not wholly successful in any Proceeding but is successful on the merits or otherwise as to one or more but less than all claims, issues or matters in such Proceeding, the Indemnitors agree, jointly and severally, to indemnify the Indemnitee to the maximum extent permitted by law against all losses and expenses incurred by the Indemnitee in connection with each successfully resolved claim, issue or matter. For purposes of this section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal with or without prejudice shall be deemed to be a successful result as to such claim, issue or matter. Neither the failure of any of the Indemnitors (including their respective Boards of Directors, legal counsel or stockholders) to have made a determination prior to the commencement of such Proceeding that indemnification of the Indemnitee is proper in the circumstances because such person has met the applicable standard of conduct, nor an actual determination by such Indemnitor (including its Board of Directors, its legal counsel or its stockholders) that the Indemnitee has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The purchase, establishment or maintenance of any Indemnification Arrangement shall not in any way diminish, restrict, limit or adversely affect the rights and obligations of any of the Indemnitors or of the Indemnitee under this Agreement, except as expressly provided herein, and the execution and delivery of this Agreement by the Indemnitors and the Indemnitee shall not in any way diminish, restrict, limit or adversely affect the Indemnitee's right to indemnification from the Indemnitors or any other party or parties under any other Indemnification Arrangement, the Charter Documents of any of the Indemnitors, or applicable law.

(e) No indemnity pursuant to this Agreement shall be paid by the Indemnitors:

(i) in respect to remuneration paid to Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

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(ii) on account of any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of Parent pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any applicable federal, state or local statutory law;

(iii) on account of Indemnitee's conduct which is finally adjudged to have been knowingly fraudulent or deliberately dishonest, or to constitute willful misconduct; or

(iv) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful (and, in this respect, both the Indemnitors and the Indemnitee have been advised that the Securities and Exchange Commission believes that (a) indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and (b) claims for indemnification should be submitted to the appropriate court for adjudication).

3. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his status as a director, officer, employee or agent or fiduciary of an Indemnitor or an Affiliate Indemnitor, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified by the Indemnitors against all expenses actually and reasonably incurred by him or on his behalf in connection therewith.

4. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of an Indemnitor or any affiliate of an Indemnitor against the Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, or such longer period as may be required by applicable law under the circumstances. Any claim or cause of action of the Indemnitor or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

5. Claims for Payments. (a) Notwithstanding any other provision of this Agreement, to the extent allowed by applicable law, the Indemnitee shall have the right to receive from the Indemnitors on demand or, at his option, to have any of the Indemnitors pay promptly on his behalf, in advance of a Final Determination of a Proceeding, all amounts payable by the Indemnitors pursuant to the terms of this Agreement as corresponding amounts are expended or incurred by the Indemnitee in connection with any Proceeding or otherwise (such amounts so expended or incurred being referred to as "Advanced Amounts"). In making any claim for payment by the Indemnitors of any amount, including any Advanced Amounts, pursuant to this Agreement, the Indemnitee shall submit to the Indemnitors a written request for payment (a "Claim") which includes a schedule setting forth in reasonable detail the dollar amount expended (or incurred or expected to be expended or incurred). Each item on such schedule shall be supported by the bill, agreement, or other documentation relating thereto, a copy of which shall be appended to the schedule as an exhibit. The Corporate Secretaries of the Indemnitors shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors in writing that Indemnitee has requested indemnification.

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(b) Where the Indemnitee is requesting Advanced Amounts, the Indemnitee must also provide an undertaking to repay such Advanced Amounts if a Final Determination is made that the Indemnitee is not entitled to indemnification hereunder. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

(c) Notwithstanding the foregoing, the obligation of the Indemnitors to pay Advanced Amounts pursuant to this Section 5 shall be subject to the condition that, if, when and to the extent that the Indemnitors determine that Indemnitee would not be permitted to be indemnified under applicable law, Indemnitors shall be entitled to be reimbursed, within thirty (30) days of such determination, by Indemnitee (who hereby agrees to reimburse Indemnitors) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by Indemnitors that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse Indemnitors for any Advanced Amounts until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed).

6. Continuation of Indemnity. All agreements and obligations of the Indemnitors contained herein shall continue during the period the Indemnitee is an employee or agent of the Corporation (or is serving at the request of an Indemnitor as an Affiliate Indemnitee) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was an employee or agent of the Corporation or served as such or in some other capacity as an Affiliate Indemnitee, whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an employee or agent of the Corporation or any other enterprise at an Indemnitor's request.

7. Successors: Binding Agreement. This Agreement shall be binding on, and shall inure to the benefit of and be enforceable by, each of the Indemnitor's successors and assigns and by the Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees, divisees and legatees. Each Indemnitor shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of such Indemnitor expressly to assume and agree in writing to perform this Agreement in the same manner and to the same extent that such Indemnitor would be required to perform if no such succession or assignment had taken place.

8. Notification and Defense of Claim. (a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim in respect thereof is to be made against an Indemnitor under this Agreement, notify such Indemnitor of the commencement thereof, but the failure to so notify such Indemnitor will not relieve the Indemnitors from any liability which it may have to the Indemnitee (except to the extent that the Indemnitors are prejudiced by such failure). With respect to any such Proceeding:

(i) Each Indemnitor shall be entitled to participate therein at its own expense;

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(ii) Except with prior written consent of the Indemnitee, the Indemnitors shall not be entitled to assume the defense of any Proceeding;

(iii) No Indemnitor shall settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's prior written consent (not to be unreasonably withheld or delayed); and

(iv) The Indemnitee shall not settle any Proceeding without the Indemnitors' prior written consent (not to be unreasonably withheld or delayed).

(b) Upon written request by Indemnitee for indemnification pursuant to Section 5 hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made by the following person or persons empowered to make such determination:

(i) the Board of Directors of such Indemnitor by a majority vote of a quorum of directors of such Indemnitor who are not and were not parties to the Proceeding in respect of which indemnification is sought by Indemnitee ("Disinterested Directors"), or

(ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, said Disinterested Directors so direct, by a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Indemnitors or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder ("Independent Counsel") (notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Indemnitors or Indemnitee in an action to determine Indemnitee's rights under this Agreement) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or

(iii) if so directed by said Disinterested Directors, by the stockholders of such Indemnitor; and, if it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board of Directors, or stockholder of such Indemnitor shall act reasonably and in good faith in making a determination under this Agreement of the Indemnitee's entitlement to indemnification. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by such Indemnitor to the extent allowed by applicable law (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Indemnitors hereby indemnify and agree to hold Indemnitee harmless therefrom.

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(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) hereof, the Independent Counsel shall be selected as provided in this Section 8(c). The Independent Counsel shall be selected by the Board of Directors [subject to this Section 8(c)], and the Indemnitor shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. Indemnitee may, within seven (7) days after receipt of such written notice of selection, deliver to the Indemnitor a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel," as defined in this Section 8, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) hereof, no Independent Counsel shall have been selected and not objected to, the Indemnitors may petition a court of competent jurisdiction for resolution of any objection which shall have been made by Indemnitee to the Indemnitors' selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 8(b) hereof. The Indemnitors shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 8(b) hereof, and the Indemnitors shall pay all reasonable fees and expenses incident to the procedures of this Section 8(c), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding or arbitration pursuant to this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

9. Security. To the extent requested by the Indemnitee and approved by the Boards of Directors of the Indemnitors, the Indemnitors may at any time and from time to time provide security to the Indemnitee for the Indemnitors' obligations hereunder through a line of credit, funded trust or other collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

10. Enforcement. (a) Each Indemnitor has entered into this Agreement and assumed the obligations imposed on such Indemnitor hereby in order to induce the Indemnitee to act as an employee and/or agent of the Corporation or as an Affiliate Indemnitee and acknowledges that the Indemnitee is relying upon this Agreement in agreeing to serve or continuing in such capacity.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) All expenses incurred by the Indemnitee in connection with the preparation and submission of the Indemnitee's request for indemnification hereunder shall be borne, jointly and

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severally, by the Indemnitors. In the event the Indemnitee has requested payment of any amount under this Agreement and has not received payment thereof within thirty (30) days of such request, the Indemnitee may bring any action to enforce his rights or such collect moneys due, and, if the Indemnitee is successful in such action, the Indemnitors shall reimburse the Indemnitee for all of the Indemnitee's fees and expenses in bringing and pursuing such action. If it is determined that the Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, such fees and expenses shall be reasonably prorated. The Indemnitee shall be entitled to the advancement of such amounts to the full extent contemplated by Section 5 hereof in connection with such Proceeding.

(d) In the event that (i) Advanced Amounts are not timely provided pursuant to Section 5 of this Agreement, (ii) no determination with respect to the entitlement to indemnification is received by Indemnitee pursuant to Section 8 of this Agreement within twenty (20) days after receipt by the Indemnitors of the request for indemnification or (iii) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification pursuant to Section 8 of this Agreement, Indemnitee shall be entitled to an adjudication in a court of competent jurisdiction of his entitlement to such indemnification. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 10(d). Indemnitors shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration. Indemnitors shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that Indemnitors are bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee is subject to or intervenes in any Proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce his rights under, or to recover damages for breach of, this Agreement, the Indemnitee, if he prevails in whole or in part in such action, will be entitled to recover from the Indemnitors and will be indemnified by the Indemnitors against any actual expenses related thereto incurred by Indemnitee.

11. Contribution. If the indemnification provided for herein in respect of any expense, liability or loss incurred by the Indemnitee in connection with any Proceeding is finally determined by a court of competent jurisdiction to be prohibited by applicable law or is otherwise unavailable and may not be paid to Indemnitee for any reason other than those set forth in paragraphs (i), (ii), (iii) and (iv) of Section 2(e), then the Indemnitors, in lieu of indemnifying Indemnitee, shall contribute to the amount paid or payable by Indemnitee as a result of such expense, liability or loss in such proportion as is appropriate to reflect (i) the relative benefits received by the Indemnitors on the one hand and Indemnitee on the other hand from the events, circumstances, conditions, happenings, actions or transactions from which such Proceeding arose, (ii) the relative fault of the Indemnitors (including their affiliates) on the one hand and of Indemnitee on the other hand in connection with the events, circumstances and happenings which resulted in such expense, liability or loss (such relative fault to be determined

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by reference to, among other things, the parties relative intent, knowledge, access to information and opportunity to correct or prevent the events, circumstances and/or happenings resulting in such expense, liability or loss), and (iii) any other relevant equitable considerations, it being agreed that it would not be just and equitable if such contribution were determined by pro rata or other method of allocation which does not take into account the foregoing equitable considerations.

12. Severability. If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any sections or subsections of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of any section or subsections of this Agreement containing any such provisions held to be invalid, illegal or unenforceable shall be construed so as to give effect to the intent of the parties that the Indemnitors (or any of them) provide protection to the Indemnitee to the fullest extent enforceable.

13. Non-Exclusivity; Survival of Rights; Subrogation. (a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter Documents, any other agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Charter Documents and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) In the event of payment under this Agreement, the Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including execution of such documents as are necessary to enable the Indemnitors to bring suit to enforce such rights..

(c) The Indemnitors shall not be liable under this Agreement to make any payments of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

14. Modifications. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing by the Indemnitee and an officer of each of the Indemnitors designated by the Board of Directors of

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such Indemnitor. No waiver by either party at any time of any breach by the other party of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

15. Governing law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada, without giving effect to the principles of conflicts of laws thereof.

16. Notices. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand against a receipt therefor, received by facsimile, or five (5) days after being mailed by United States registered mail, return receipt requested, postage prepaid, as follows:

IF TO THE INDEMNITEE:

_____

[Address of Indemnitee]

IF TO PARENT:
James Hardie Industries N.V.
Atrium, 8th floor
Strawinskylaan 3077
1077 ZX Amsterdam
The Netherlands
Facsimile No.: 31-6- 2244 6170

WITH A COPY TO:
De Brauw Blackstone Westbroek N.V.
Tripolis 300
Burgerweeshuispad 301
P.O. Box 75084
1070 AB Amsterdam
The Netherlands
Facsimile No.: 31-20-577-1721
Attn: Martin van Olffen

AND TO:
Mark Shurtleff, Esq.
Gibson, Dunn & Cruthcher LLP
Jamboree Center
4 Park Plaza
Irvine, California 92614-8557

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IF TO CORPORATION:
James Hardie Building Products, Inc.
26300 La Alameda, Ste. 100
Mission Viejo, CA 92691
Facsimile No.: (949) 348-4534
Attn: CEO and/or President

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

18. Headings; References; Pronouns. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. References herein to section numbers are to sections of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as appropriate.

19. Consent to Jurisdiction. The Indemnitors and the Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the country of the Netherlands and the State of Nevada for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the country of the Netherlands or the state courts of the State of Nevada.

20. Effectiveness. This Agreement shall be effective as of the day and year first above written, and shall apply to any Proceedings relating to matters which occurred prior to, on or after such date.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

JAMES HARDIE INDUSTRIES N.V.

By: _____
Name:
Title:

JAMES HARDIE BUILDING PRODUCTS INC

By: _____
Name:
Title:

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INDEMNITEE

By: _____
Name:

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EXHIBIT 4.25

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INDUSTRIAL BUILDING LEASE

by and between

FORTRA FIBER-CEMENT L.L.C.,
a Delaware limited liability company,
as Landlord,

and

JAMES HARDIE BUILDING PRODUCTS, INC.,
a Nevada corporation,
as Tenant

OCTOBER 6, 2000

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INDUSTRIAL BUILDING LEASE

THIS LEASE made this 6th day of October, 2000, by and between FORTRA FIBER-CEMENT L.L.C., a Delaware limited liability company, hereinafter referred to as "Landlord," and JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation, hereinafter referred to as "Tenant."

ARTICLE 1

GRANT OF LEASE; PREMISES

For and in consideration of the rent hereinafter reserved and the covenants and conditions hereof, Landlord does hereby lease to Tenant, and Tenant rents from Landlord, the parcel of land comprising approximately forty-five (45) acres, legally described on Exhibit A attached hereto and made a part hereof, upon which is situated a building containing approximately 335,610 square feet, together with all other improvements now located or to be located thereon during the Term (as that term is defined below) and all appurtenances belonging to or in any way pertaining to the said premises, located in Waxahachie, Ellis County, Texas (the "Premises") and all Personal Property (as that term is defined below).

Tenant agrees to comply with all covenants, conditions and restrictions of record as they relate to the conduct of Tenant and its use and occupancy of the Premises. No amendment to any such covenants, conditions and restrictions of record shall materially interfere with Tenant's right to use the Premises under this Lease without Tenant's consent, not to be unreasonably withheld or delayed. Landlord agrees to cooperate with Tenant, at no material out-of-pocket expense to Landlord, in connection with any effort by Tenant to obtain a survey of the Premises and a leasehold policy of title insurance or commitment therefor showing title to the Premises in Landlord free and clear of any third-party rights or options to purchase the Premises. Tenant agrees to furnish Landlord copies of any such title insurance policy or commitment therefor and survey of the Premises obtained by Tenant.

Tenant acknowledges that certain facilities (the "Bond-Financed Project") constituting a portion of the Premises were financed with the proceeds of the Waxahachie Industrial Development Authority Waste Disposal Revenue Bonds (Temple/Re-Con Inc. Project) Series 1998 (the "Bonds"), which are tax-exempt obligations issued pursuant to Sections 103 and 142(a)(5)&(6) of the Internal Revenue Code of 1986. In connection with the issuance of the Bonds, Landlord has made certain covenants and representations regarding the use of the Bond-Financed Project, which remain enforceable and effective as of the date hereof.

ARTICLE 2

TERM; POSSESSION

Section 2.1. Term. The term of this Lease ("Term") shall commence upon October 7, 2000 (the "Commencement Date") and shall expire without the further action of the parties hereto on the date two hundred thirty-three (233) months and twenty-four (24) days after the Commencement Date

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at 5:00 p.m. CST on March 31, 2020 (the "Expiration Date"), unless sooner terminated as provided herein.

Section 2.2. Condition of Premises. Tenant agrees that the Premises and the Personal Property are being leased by Landlord, and are hereby accepted by Tenant, in their existing physical condition, AS IS, WITH ALL FAULTS, without any agreements, representations, understandings or obligations on the part of Landlord, except as expressly set forth in this Lease. Landlord agrees to deliver possession of the Premises to Tenant in a shut down state free of scrap and refuse and with all tanks, process equipment, pipe-work and vats clean and clear of all process material, except for tanks and vats used to store Raw Materials (as that term is defined below).

Section 2.3. Equipment, Raw Materials and Other Personal Property.

(a) Personal Property. The "Personal Property" is hereby defined as all furniture, furnishings, office equipment, lab equipment and production equipment (other than Surplus Equipment (as that term is defined below)) located on the Premises and described in Exhibit B attached hereto (but excluding all computer hardware and software not related to the manufacturing processes conducted in the Premises by Landlord, raw materials, spare and replacement parts and finished goods).

(b) Equipment. Tenant has identified to Landlord the production equipment currently located in the Premises which is not necessary in the operation of its business, together with Spare Parts (as that term is hereafter defined) which relate thereto (the "Surplus Equipment"). Landlord agrees to furnish Tenant notice on or before October 12, 2000 of which items of Surplus Equipment Landlord intends to remove from the Premises as set forth herein. Thereafter, and until and through November 6, 2000, Landlord may remove from the Premises without compensation to Tenant the Surplus Equipment described in Landlord's notice at Landlord's sole cost and expense. Landlord may remove from the Premises through November 6, 2000 the sawline from the finishing area and scissors lifts identified by Tenant at Landlord's sole cost and expense. In consideration of Ten and 00/100 Dollars ($10.00) and the right to one-half of all net proceeds of the sale thereof as set forth hereinbelow, the remaining Surplus Equipment shall become the property of Tenant on and as of the Commencement Date. Tenant agrees to use commercially reasonable efforts to sell the Surplus Equipment not removed by Landlord on or before May 31, 2001 at prices reasonably acceptable to Tenant. In the event any such Surplus Equipment is not sold as of May 31, 2001, Landlord shall have the right but not the obligation to remove any such remaining Surplus Equipment on or before June 30, 2001. Tenant hereby grants Landlord and its agents access to the Premises for thirty (30) days commencing on each of the Commencement Date and June 1, 2001 for the purpose of removing the sawline, scissors lifts and such Surplus Equipment as set forth above. Landlord shall remove such equipment in a manner so as not to unreasonably interfere with Tenant's operations and business at the Premises. Tenant acknowledges that it is refurbishing portions of the Premises prior to beginning manufacturing operations therein and that Landlord shall not be obligated to repair any non-material non-structural damage or any non-structural damage to portions of the Premises which Tenant is refurbishing that may be caused by such removal. The proceeds of all Surplus Equipment sold under this Section 2.3(b) net of the reasonable and customary out-of-pocket costs and expenses of such sales shall be distributed in equal halves to each of Tenant and Landlord promptly upon receipt.

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(c) Raw Materials. Tenant agrees to identify any raw materials located in the Premises on the Commencement Date which, in Tenant's good faith judgment, are useable in Tenant's operations (the "Raw Materials") by written notice delivered to Landlord on or before October 16, 2000. Tenant shall purchase all such Raw Materials by paying Landlord a sum equal to the lesser of Landlord's cost thereof, as evidenced by paid receipts, cancelled checks or other reasonable documentation, or Tenant's replacement cost therefor, as evidenced by current vendor information, on or before October 26, 2000.

(d) Spare Parts. Tenant agrees to purchase all spare and replacement parts located in the Premises on the Commencement Date (the "Spare Parts") by paying Landlord a sum equal to the book value thereof less the book value of (i) such Spare Parts which relate to Surplus Equipment, (ii) such Spare Parts which are deemed by Tenant to be kept in excess of Tenant's spare parts requirements, (iii) the ball mill included in Spare Parts and (iv) individual items with a book value of less than $500 each, on or before October 26, 2000.

(e) Finished Goods. Landlord shall remove all finished goods from the finished goods storage area in the Premises on or before December 6, 2000. Tenant hereby grants Landlord and its agents access to the Premises for the purpose of storing and removing such finished goods as set forth above upon the same terms set forth in Subsection 2.3(b) above.

(f) Leased Equipment. Attached hereto as Exhibit F is a schedule of certain equipment used in connection with the operation of the Premises (the "Leased Equipment"). Landlord agrees to pay all rents payable under the leases for the Leased Equipment in accordance with the terms and provisions thereof as of the date hereof so that such Leased Equipment is available to Tenant in accordance with the term of such leases. Tenant agrees to comply with the obligations of the lessee under such leases except for the payment of rents thereunder. On or before termination of each lease for Leased Equipment, Landlord agrees to pay the terminal value thereunder or otherwise purchase any reversionary interest of the lessor and to pay any other costs necessary to convey such equipment to Tenant at such time for no additional consideration, free and clear of any liens or encumbrances.

Section 2.4. Assignment of Contracts and Permits.

(a) Contracts. Landlord has furnished Tenant copies of all assignable supply and other contracts related to the ownership, occupancy, operation and maintenance of the Premises in Landlord's possession. Prior to the Commencement Date, Tenant shall inform Landlord of which of such contracts, if any, Tenant intends to assume (the "Contracts"). As of the Commencement Date, Tenant agrees to assume all of Landlord's obligations under the Contracts accruing on or after the Commencement Date, except as set forth in Section 2.3(f) above, and to execute and deliver such instruments evidencing such assumption as may be reasonably requested by Landlord or any other parties to any of the Contracts.

(b) Permits. Landlord agrees to assign to Tenant as of the Commencement Date any assignable permits and licenses related to (i) the ownership, occupancy, operation and maintenance of the Premises and (ii) the Personal Property. Tenant agrees to notify in writing the issuing authority of each such permit and license of Tenant's occupancy of the Premises in accordance with the requirements of such issuing authorities and all applicable laws, ordinances, rules and regulations.

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(c) Warranties and Guaranties. Landlord agrees to assign to Tenant for the Term of this Lease the benefit of any assignable warranty or guarantee, whether express or implied, attaching to the Personal Property or the Premises and Tenant agrees to assign the benefit of any such warranty or guarantee back to Landlord at the expiration of this Lease. Landlord agrees to assign the benefit of any assignable warranty or guarantee whether express or implied attaching to the Raw Materials, Surplus Equipment or Spare Parts to Tenant. If Landlord holds the benefit of any warranty or guarantee attaching to the Personal Property, Premises, Raw Materials, Surplus Equipment or Spare Parts which benefit cannot be assigned to Tenant, then on request by Tenant, Landlord agrees to use commercially reasonable efforts to invoke that warranty or guarantee for the benefit of Tenant, subject to Tenant's satisfaction of any conditions to the enforceability of such warranty or guarantee.

ARTICLE 3

BASE RENT

Section 3.1. Rent. Tenant shall pay to Landlord the following "Rents" for the Premises and the Personal Property during the Term:

(a) Base Rent. Tenant shall pay base rent ("Base Rent") to Landlord for the Premises commencing on the Commencement Date as follows:

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PERIOD	BASE RENT	QUARTERLY BASE RENT
<S>	<C>	<C>
October 7, 2000 - December 31, 2000	$ 233,333	$ 233,333
January 1, 2001 - March 31, 2001	$ 250,000	$ 250,000
April 1, 2001 - March 31, 2002, and each subsequent twelve (12) month period commencing April 1, through and including April 1, 2019 - March 31, 2020	$ 3,400,000	$ 850,000

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All Base Rent shall be payable on October 7, 2000 and on the first day of each and every calendar quarter thereafter during the Term and at the same rate for fractions of a quarter if the Rent payments shall end on any day except the last day of a calendar quarter.

(b) Additional Rent. Tenant shall also pay "Additional Rent" consisting of all sums of money (other than Base Rent) payable by Tenant as set forth herein, whether payable on a regular, periodic, intermediate or other basis and regardless of whether paid directly to Landlord or to another party or entity in fulfillment of Tenant's obligations under this Lease.

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Section 3.2. Manner of Payment. Except as otherwise expressly provided herein, Base Rent, Additional Rent, Impositions and all other amounts becoming due from Tenant hereunder (collectively, "Rent") shall be paid in lawful money of the United States of America to Landlord by wire transfer to Landlord's account or as otherwise designated from time to time by written notice from Landlord to Tenant. Without limiting the covenant of quiet enjoyment as set forth in Section 29.17 below, the payment of Rent hereunder is independent of each and every other covenant and agreement contained in this Lease, and Rent shall be paid without any set off, abatement, counterclaim or deduction whatsoever except as may be expressly provided herein. Concurrently with the execution hereof, Tenant shall pay Landlord the first installment of Base Rent payable hereunder and not as a security deposit under this Lease.

Section 3.3. Late Charge. In the event that any payment of a second installment of Base Rent due in any twelve (12) month period or any payment of Additional Rent or Impositions shall not be received by Landlord or the payee thereof within five (5) days of the due date thereof specified in this Lease, then Tenant shall pay Landlord a late charge equal to the greater of (i) four percent (4%) of the delinquent amount then due Landlord without regard to source, or (ii) the late charge amount or other fee charged to Landlord by the applicable vendor(s) or authority(s) in order to reimburse Landlord for Landlord's costs, damages and all other expenses for such late payment. The imposition of such late charge shall be in addition to, and shall not limit, any other remedy available to Landlord under this Lease.

ARTICLE 4

ADDITIONAL RENT; IMPOSITIONS

Section 4.1. Obligation to Pay Impositions. In addition to paying the Base Rent specified in Section 3.1 hereof, Tenant shall also pay as Additional Rent under this Lease the Impositions determined in accordance with this Article 4.

Section 4.2. Payment by Tenant. Notwithstanding anything to the contrary contained herein or otherwise, but subject to and without limitation of the first sentence of Section 4.8 below, this Lease shall be deemed to be construed as a triple net lease and any and all expenses and obligations incurred or accrued during the Term in connection with the Premises and the Personal Property and the ownership, maintenance, repair and operation thereof, including, without limitation, capital expenses, will be the obligation of the Tenant, it being understood that Landlord shall receive the Base Rent set forth in Section 3.1 hereof free and clear of any and all other impositions, taxes, assessments, liens, charges or expenses of any nature whatsoever in connection with the ownership, maintenance, repair and operation of the Premises and the Personal Property, except for expenses and obligations arising from a default by Landlord hereunder. Tenant shall pay as Additional Rent for the Premises all taxes and assessments, general and special, water and sewer rates, charges or taxes in lieu of real estate taxes, and all other impositions, foreseen or unforeseen, ordinary and extraordinary, of every kind and nature whatsoever, which may be levied, assessed, charged or imposed during the Term upon the Premises, or any part thereof, or upon any improvements at any time situated thereon or with respect to Rent payable hereunder (collectively, the "Impositions"); provided, however, that (a) Impositions levied against the Premises or any personal property conveyed to Tenant hereunder or by any bill of sale shall be prorated between Landlord and Tenant as of the Commencement Date for the first year of the Term and as of the Expiration Date for the last

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year of the Term (in each case, on the basis of Landlord's reasonable estimate thereof), and (b) all taxes attributable to the Premises or the Personal Property or any personal property conveyed to Tenant hereunder or by any bill of sale for any period prior to the Commencement Date and all taxes attributable to Landlord's income and profit, franchise taxes, gross profit, revenue, federal income taxes, state and local net income tax, federal excess profit taxes, franchise, capital stock, business and federal or state estate or inheritance taxes of Landlord and roll-back taxes attributable to change in use or ownership by Landlord prior to the Commencement Date or all other taxes relating to periods prior to the Term hereof, shall be the sole responsibility of Landlord (collectively, the "Excluded Taxes"). Landlord hereby indemnifies and holds harmless Tenant for all such Excluded Taxes, which indemnity shall survive the expiration or termination of this Lease.

Section 4.3. Alternative Taxes. If at any time during the Term, the method of taxation prevailing at the commencement of the Term shall be altered so that any new or additional tax, assessment, levy, imposition or charge, or any part thereof, shall be imposed upon Landlord in place or partly in place of any such impositions or contemplated increase therein, or in addition to Impositions, and shall be measured by or be based in whole or in part upon this Lease or the Premises or the Rent or other income therefrom, and shall be imposed upon Landlord, then all such taxes, assessments, levies, impositions or charges, or the part thereof, to the extent that they are so measured or based, shall be deemed to be included within the definition of Impositions for the purposes hereof to the extent that such Impositions would be payable if the Premises were the only property of Landlord subject to such Impositions, and Tenant shall pay and discharge the same as herein provided with respect to the payment of Impositions, but not including any Excluded Taxes.

Section 4.4. Evidence of Payment. Tenant shall deliver to Landlord duplicate receipts (or photostatic copies thereof) evidencing the payments of all Impositions within thirty (30) days after the respective payments evidenced thereby to the extent that Tenant is obligated to pay same directly to the applicable taxing authority pursuant to this Article 4.

Section 4.5. Right to Contest. From and after the Commencement Date, Tenant shall have the right, at its own cost and expense, to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition or reserves set aside for the same, unless such payment, or a payment thereof under protest, would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of this Section 4.5, Tenant may postpone or defer payment of such Imposition if (i) neither the Premises nor any portion thereof would, by reason of such postponement or deferment, be in danger of being forfeited or lost, and (ii) if Tenant has assigned this Lease other than to an affiliate under common Control (as that term is defined below) with Tenant, Tenant or its assignee shall have deposited with Landlord in an escrow account cash payable to Landlord in the amount of the Imposition so contested and unpaid, together with all interest and penalties which may accrue in Landlord's reasonable judgment in connection therewith, and all charges that may or might be assessed against or become a charge on the Premises or any portion thereof during the pendency of such proceedings, or such other form of security reasonably satisfactory to Landlord. Tenant shall have the right, subject to Landlord's approval, not to be unreasonably withheld, delayed or conditioned, to select the counsel to be retained in connection with the prosecution of any such proceedings. If, during the continuance of such proceedings, Landlord shall, from time to time, reasonably deem in good faith that the amount deposited, if any, as aforesaid, is insufficient, Tenant shall, upon demand of Landlord, make additional deposits of such additional sums of money as Landlord may reasonably request. Upon failure of Tenant to make

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such additional deposits, the amount theretofore deposited, together with sums deposited in the Tax Account, may be applied by Landlord to the payment, removal and discharge of such Imposition and any interest, fines and penalties incurred or imposed in connection therewith, and any costs, fees (including reasonable attorneys' fees) and other liability (including costs incurred by Landlord) accruing in any such proceedings. Upon the termination of any such proceedings, Tenant shall pay the amount of such Imposition or part thereof, if any, as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees, including reasonable attorneys' fees, interest, penalties, fines and other liability incurred or imposed in connection therewith, and upon such payment Landlord shall return all amounts deposited with it with respect to the contest of such Imposition, as aforesaid, or, at the written direction of Tenant, Landlord shall make such payment out of the funds on deposit with Landlord and the balance, if any, shall be returned to Tenant. Landlord shall not be required to join in any proceedings referred to in this Section 4.5 unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event Landlord shall join in such proceedings or permit the same to be brought in Landlord's name upon compliance with such conditions as Landlord may reasonably require, including, without limitation, representation by legal counsel of its choice. Landlord shall not ultimately be subject to any liability for the payment of any fees, including attorneys' fees, costs and expenses incurred or imposed in connection with such proceedings. Tenant agrees to pay all such fees (including reasonable attorneys' fees), costs and expenses, or, on demand, to make reimbursement to Landlord for such payment. Subject to the foregoing, Landlord agrees to cooperate with Tenant, at no material out-of-pocket expense to Landlord, in connection with any efforts by Tenant to obtain any available abatements, reductions, rebates, reassessments of valuation or other relief with respect to the Impositions.

Section 4.6. Representations and Warranties. Tenant agrees and acknowledges that Landlord has made no representation, warranty or guaranty relating to the amount of the Impositions. Tenant has had an opportunity to consult with Landlord with respect to the Impositions projected but has not relied upon any statements or representations of Landlord or any agent or affiliate of Landlord in regard thereto in executing this Lease and agreeing to perform the terms and covenants hereof and shall make no claims against Landlord based thereon, except for the Landlord's failure to pay such Impositions for such periods prior to or after the Term.

Section 4.7. Survival. Without limitation of other obligations of Tenant which shall survive the expiration or earlier termination of this Lease, the obligation of Tenant to pay Impositions or other Additional Rent provided for in this Article 4 accruing during the Term shall survive such expiration or earlier termination of this Lease for four (4) years.

Section 4.8. Personal Property Taxes and Rent Taxes. Landlord shall have no obligation to pay any personal property taxes assessed and charged with respect to the Personal Property or any equipment, improvements or personal property owned or leased by Tenant ("Personal Property Taxes"), provided, however, that Landlord agrees to pay when due any such taxes assessed and charged with respect to the Surplus Equipment for the entire year 2000 and one-half of any such taxes assessed and charged with respect to the Surplus Equipment for the first six (6) months of the year 2001. Tenant shall pay all such taxes, related assessments and/or penalties prior to their becoming delinquent or past due. In addition to the Base Rent and other items of Additional Rent due under this Lease, Tenant shall pay to Landlord all state and local taxes and assessments in the nature of sales or use taxes, rental taxes, transaction privilege taxes, taxes based on the payment or

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receipt of rent or taxes based on the use or occupancy of real property, along with all related assessments, fees, costs, penalties and other charges, whether or not such items are intended to be paid by landlords or owners of property to the extent the foregoing are related to the Premises, but not including any Excluded Taxes (collectively, "Rent Taxes"). Tenant covenants and agrees to pay Rent Taxes to Landlord within thirty (30) days of written notice from Landlord, and Tenant's failure to do so shall constitute a default under this Lease.

Section 4.9. Additional Rent. All amounts payable by Tenant for any sum or charge due hereunder including, without limitation, amounts paid as or on account of Rent Taxes, shall be deemed to be, and collectible as, Additional Rent due under this Lease and any failure to pay such amounts when due or upon written demand by Landlord (should it elect to do so) shall be a default under this Lease entitling Landlord to pursue any and all rights and remedies available to Landlord for Tenant's failure to pay Rent.

ARTICLE 5

GUARANTIES

Section 5.1. Tenant's Guaranty. As security for the performance of its obligations under this Lease, Tenant, upon execution of this Lease, shall furnish Landlord a Guaranty in the form of Exhibit C attached hereto (the "Tenant Guaranty") from James Hardie NV, a Netherlands corporation ("Guarantor"). In the event the "Net Worth" (as that term is defined below) of Guarantor falls below One Hundred Million and 00/100 Dollars ($100,000,000) at any time during the Term, Tenant agrees to deliver prompt notice thereof to Landlord together with a security deposit in the amount of One Million Seven Hundred Thousand and 00/100 Dollars ($1,700,000) in cash or in the form of a letter of credit in form and substance and issued by an issuer acceptable to Landlord in its sole discretion (the "Security Deposit") as additional security hereunder. Tenant agrees from time to time to pay Landlord within three (3) business days following receipt of a request therefor, any sum or sums of money paid or deducted therefrom by Landlord, in order that at all times during the Term there shall be continually deposited with Landlord, a sum or letter of credit which shall never be less than the amount originally required. The Security Deposit shall not be deemed an advance payment of Rent, nor a measure of damages for any default by Tenant under this Lease, nor shall the Security Deposit be a bar or a defense to any action that Landlord may commence against Tenant. In the event of any default by Tenant hereunder, Landlord shall have the right, but shall not be obligated, to apply or retain all or any portion of the Security Deposit in payment of Tenant's obligations hereunder, but any such application or retention shall not have the effect of curing any such default. Landlord shall hold any cash Security Deposit in a segregated account. The Security Deposit (or the balance thereof remaining after payment out of the same or deductions therefrom as provided above) shall be returned to Tenant no later than sixty (60) days following expiration of the Term and the surrender of the Premises to Landlord in the condition required hereunder. No interest shall be payable with respect to any cash Security Deposit. Landlord or any owner of the Premises may transfer or assign the Security Deposit to any new owner of the Premises or to any assignee or transferee of this Lease or may credit the Security Deposit against the purchase price of the Premises and upon such transfer or credit all liability of the transferor or assignor of such security shall cease and come to an end and Tenant shall look solely to such new owner, assignee or transferee for the return of the Security Deposit. In the event Guarantor's Net Worth exceeds One Hundred Million and 00/100 Dollars ($100,000,000) for two (2) consecutive quarters as evidenced by Guarantor's

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financial statements to be furnished pursuant to the Tenant Guaranty and there then exist no Events of Default or events which, with the delivery of notice or the passage of time or both, would constitute Events of Default, but subject to the continuing obligation of Tenant to furnish a Security Deposit if Guarantor's Net Worth should at one or more times thereafter fall below the minimum amount stated above, Landlord shall return to Tenant the Security Deposit. "Net Worth" is defined as, as of any time the same is to be determined, the total shareholders' equity (including capital stock, additional paid-in-capital and retained earnings after deducting treasury stock, but excluding minority interests in subsidiaries, if any) which would appear on the balance sheet of Guarantor and wholly-owned subsidiaries which report on a consolidated basis with Guarantor determined in accordance with generally accepted accounting principles.

Section 5.2. Landlord's Guaranty. As security for the performance of its obligations under this Lease, Landlord, upon execution of this Lease, shall furnish Tenant a Guaranty in the form of Exhibit D attached hereto (the "Landlord Guaranty") from Temple-Inland Forest Products Corporation.

ARTICLE 6

USE OF PREMISES

Section 6.1. Permitted Uses. Tenant shall use and occupy the Premises in connection with operating a building or construction materials manufacturing plant and general storage, office purposes and other uses related thereto and for any other uses permitted by any and all applicable laws and regulations, provided, however, Tenant must give Landlord prior written notice of any change in use specifying in reasonable detail the nature of the changed use ("Permitted Uses").

Section 6.2. Prohibited Uses. Tenant shall not use or permit the Premises to be used in any manner other than the Permitted Uses. Notwithstanding anything contained herein to the contrary, Tenant shall not use or permit the Premises to be used in any manner which would (i) be contrary to any statute, rule, order, ordinance, requirement or regulation applicable to the Premises or Tenant's use thereof including, but in no way limited to the Environmental Laws (as such term is hereafter defined); (ii) violate any certificate of occupancy or building permit affecting the Premises or any part thereof; (iii) cause material injury to the Premises or any part thereof; (iv) constitute a public or private nuisance or waste; (v) render the insurance on the Premises void or the insurance risk more hazardous or create any defense to payment; (vi) cause or is likely to cause material damage to the Premises or any equipment or the systems in the Premises; or (vii) violate any covenant, condition or restriction of record in any material respect (any such use is herein referred to as a "Prohibited Use"). Tenant agrees that it will promptly, upon discovery of any such Prohibited Use, take all necessary steps to compel the discontinuance of such use. Landlord represents and warrants to Tenant that the Premises have not been used for any Prohibited Use prior to the Term hereof by Landlord or, to Landlord's knowledge, without inquiry, any other party. Landlord hereby indemnifies and holds harmless Tenant for any Prohibited Use that occurred on the Premises prior to, or that occurs thereon after, the Term hereof. The foregoing indemnity shall survive the expiration or termination of this Lease.

Section 6.3. Adverse Possession. Tenant shall not use, suffer or permit the Premises or any material portion thereof to be used by Tenant, any third party or the public, as such, without

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restriction or in such manner as might reasonably tend to impair Landlord's title to the Premises or any material portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or third persons, or of implied dedication of the Premises or any material portion thereof or which might create the basis for a claim for prescriptive easement or right of way on or through the Premises or any material portion thereof by the public, as such, or any third party. Nothing contained herein and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or make any agreement that may create, give rise to or be the foundation for any such right, title, interest, lien, charge or other encumbrance upon the estate of Landlord in the Premises.

Section 6.4. Use of Parking Areas. Tenant shall have exclusive access and control of the parking areas located on the Premises as of the date hereof for use by Tenant and its officers, employees, agents, representatives, customers, guests and invitees. Tenant shall not use any material part of the Premises in a manner which will obstruct driveways serving parking areas for any material period of time. Tenant shall not suffer or permit the storage of abandoned, inoperable or unsightly vehicles in the parking areas for any material period of time.

Section 6.5. Compliance with Bond Documents. (a) Tenant agrees that it will use the Bond-Financed Project in a manner that conforms to the representations and complies with the covenants of Landlord as set forth in the Loan Agreement dated as of May 1, 1998, relating to the Bonds (the "Loan Agreement"), receipt of a copy of which Tenant hereby acknowledges. Moreover, Tenant will permit, upon the prior written request Landlord or its agents, Landlord or its agents to access the Premises at such reasonable times as may be necessary in the reasonable opinion of the Landlord or its agents to inspect the Bond-Financed Project to determine conformance with such representations and compliance with such covenants and this Lease. Should Landlord or its agents determine that the Bond-Financed Project fails to be used in a manner that conforms to the representations or complies with the covenants, it promptly shall provide written notice thereof to Tenant and, within sixty (60) days after receipt thereof, Tenant shall commence correction of such failure. Tenant will not dispose of any of the facilities comprising the Bond-Financed Project without notice to, and consent of, Landlord. The obligations of Tenant under this Section 6.5 shall apply only during such time as any of the Bonds are outstanding.

(b) Landlord covenants and agrees to redeem the Bonds in full on or before January 2, 2001. Landlord represents and warrants to Tenant that it has conformed to the representations and complied with the covenants of the Loan Agreement as of the date hereof. Landlord hereby indemnifies and holds harmless Tenant for Landlord's failure to comply with the covenants and conform to the representations as set forth in the Loan Agreement described above or to redeem the Bonds in full on or before January 2, 2001, including, without limitation, any consequential damages that may arise from any such failure, which indemnity shall survive the expiration or termination of this Lease.

(c) In the event Landlord fails to redeem the Bonds in full on or before January 2, 2001, Landlord shall be deemed to be in default hereunder and no cure or grace paid shall be applicable thereto and Tenant shall have the right to terminate this Lease by delivering written notice to Landlord on or before January 20, 2001.

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ARTICLE 7

UTILITIES AND SERVICES

Section 7.1. Utilities and Services. Gas, water and electricity shall not be furnished by Landlord, but shall be furnished by utility companies serving the area in which the Premises are located. Landlord shall permit Tenant to receive such service directly from such utility companies at Tenant's cost, shall permit Landlord's wire and conduits in the Premises, to the extent available, suitable and safely capable, to be used for such purposes, and shall cooperate with Tenant, at no material out-of-pocket expense to Landlord and without encumbering the Premises, to the extent necessary to cause utility services to be available to the Premises. Tenant shall make all necessary arrangements with the utility company for metering (which metering costs shall be borne solely by Tenant) and paying for services furnished by it to Tenant, and Tenant shall pay for all charges for such utility services consumed on or within the Premises during Tenant's occupancy thereof.

Section 7.2. Failure to Furnish Utilities or Services. Tenant agrees that Landlord and its agents shall not be liable for damages, or for any abatement of Rent or otherwise, due to failure, delay or interruption of any utility services. No such failure, delay or interruption shall ever be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Notwithstanding the foregoing, nothing contained herein shall relieve Landlord of liability for actual damages incurred by Tenant to the extent caused by the negligent conduct or willful misconduct of Landlord.

Section 7.3. Regulations Regarding Utilities and Services. Tenant and Landlord each agree to cooperate fully, at all times, with each other in abiding by all reasonable regulations and requirements which either Landlord or Tenant may reasonably prescribe for the proper functioning and protection of all utilities and services reasonably necessary for the operation of the Premises, provided, however, that, in connection with any such regulations and requirements prescribed by Tenant, Tenant shall reimburse Landlord for all material out-of-pocket expenses incurred by Landlord in connection therewith.

ARTICLE 8

CONDITION AND CARE OF PREMISES

Section 8.1. Condition of the Premises. No promises of Landlord to alter, remodel, improve, repair, decorate or clean the Premises or any part thereof have been made, and no representation respecting the condition of the Premises or the Improvements or the Personal Property or any part thereof has been made to Tenant by or on behalf of Landlord, except as expressly set forth herein.

Section 8.2. Tenant Obligations. At its sole cost and expense throughout the Term, Tenant shall (i) keep the Premises (including the Improvements) and the Personal Property in good order and condition of repair and (ii) make and perform all commercially reasonable maintenance thereof and all repairs thereto, interior and exterior, ordinary and extraordinary, structural and non-structural, foreseen and unforeseen, of every nature, kind and description, except as otherwise expressly provided herein. When used in this Article 8, "repairs" shall include all necessary replacements,

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renewals, alterations, additions and betterments, whether capital or non-capital, and regardless of whether the useful life thereof extends beyond the Term. As to any repairs and replacements whatsoever, Tenant shall, in connection therewith, comply with the requirements of Article 13 hereof as if such work constituted an alteration. Tenant shall further keep and maintain the improvements at any time situated upon the Premises, including, without limitation, the parking areas, sidewalks, driveways, roadways, pathways, curbs, loading areas and areas adjacent thereto, and all landscaped areas adjacent thereto, reasonably safe, secure, clean and sanitary including, without limitation, snow and ice clearance, planting and replacing flowers and landscaping, and necessary interior painting. All repairs made by Tenant shall be at least equal in quality to the work performed in constructing the Improvements and the condition of the Premises and the Personal Property as of the date hereof and shall be made by Tenant in accordance with all laws, ordinances and regulations, whether heretofore or hereafter enacted. The necessity for or adequacy of maintenance and repairs shall be measured by the standards which are appropriate for improvements of similar construction and class, provided that Tenant shall, in any event, make all repairs to the Premises necessary to avoid any structural damage or other damage or injury to the Premises or any part thereof.

Section 8.3. Landlord Obligations. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations in, about, or to the Premises.

Section 8.4. Compliance with Laws, Rules and Regulations. Tenant shall, at its sole cost and expense, comply in all material respects with (i) all federal, state, county, municipal and other governmental and quasi-governmental statutes, laws, rules, orders, regulations and ordinances affecting the Premises or any part thereof, or the use thereof, including those which require the making of any unforeseen or extraordinary changes (the "Legal Requirements"), including, but in no way limited to, the Environmental Laws, as such term is defined in Article 27 hereof, and the Americans with Disabilities Act, as the same may be amended from time to time (the "ADA"), whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same, and (ii) all rules, orders and regulations of the National Board of Fire Underwriters or other bodies exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions (the "Fire Underwriters Requirements"), which apply to the Premises. Tenant shall materially comply with the requirement of all policies of liability, property and other insurance which at any time may be in force with respect to the Premises. In the event that the use by Tenant or any subtenant or assignee of Tenant of the Premises results in the Premises constituting a "place of public accommodation" for purposes of the ADA, Tenant shall give notice thereof to Landlord and, to the extent that there are any signage requirements or additions or deletions of, or improvements, or modifications to, any barriers to accessibility, or other accommodations necessary for compliance with such law, then Tenant shall be responsible for the cost of all such signage, modifications, additions, deletions, improvements or accommodations. Tenant acknowledges that any such requirements may require permanent replacements and capital improvements to the Premises which (i) have expected useful lives extending beyond the Term of this Lease and (ii) would otherwise be the responsibility of Landlord. Any alterations to the Premises performed by Tenant hereunder shall be subject to the terms of Article 13 regarding Tenant's right to construct improvements on the Premises. Tenant agrees to indemnify, hold harmless and defend Landlord from any claim, demand, damage, costs, assessment, fee, penalty or any other charges or expense, including attorneys' fees, arising out of or related to any failure or alleged failure by Tenant to fully comply with any of its obligations under this Section 8.4. Tenant further acknowledges and agrees that a failure by Tenant to comply with the terms hereof shall, with the giving of the applicable

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notice, constitute a default under Section 18.1 (e) hereof. Except as disclosed to Tenant in writing, Landlord represents and warrants to Tenant that Landlord has materially complied (as of the date hereof and for the period prior to the Term) with all Legal Requirements, Environmental Laws, ADA, Fire Underwriters Requirements, and all other laws and regulations which applied to the Premises at the relevant time. Landlord agrees to indemnify, hold harmless and defend Tenant from any claim, demand, damage, costs, assessment, fee, penalty or any other charges or expense, including reasonable attorneys' fee, arising out of or related to any failure or alleged failure by Landlord under the foregoing representation and warranty, which indemnity shall survive the expiration or termination of this Lease.

ARTICLE 9

RETURN OF PREMISES

Section 9.1. Surrender of Possession. At the termination of this Lease, whether by lapse of time or otherwise, or upon termination of Tenant's right of possession without termination of this Lease, Tenant shall surrender possession of the Premises and the Personal Property to Landlord and deliver all keys to the Premises to Landlord and make known to Landlord the combination of all locks of vaults then remaining in the Premises. Tenant agrees and acknowledges that Tenant shall return and surrender the Premises and the Personal Property and all other equipment, improvements, personal property and fixtures of Landlord therein to Landlord as aforesaid "broom-clean" and in as good condition as when the construction of the Improvements is completed, ordinary wear and tear, age and loss or damage by fire or other insured casualty, condemnation and damage resulting from the negligence or willful misconduct of Landlord or its employees and agents excepted, failing which, Landlord may restore the Premises and the Personal Property and such other equipment and fixtures to such condition, and Tenant shall pay the cost thereof to Landlord promptly upon demand. Except as specifically set forth in this Lease, Tenant shall have no right or ability to cancel or surrender this Lease or the Premises.

Section 9.2. Installations and Additions. At the termination of this Lease, all installations, additions, partitions, hardware, fixtures and improvements, temporary or permanent, equipment and furniture placed in the Premises by Tenant shall be and hereby remain Tenant's property. At Landlord's request delivered at least six (6) months prior to the Expiration Date or as soon as reasonably practicable in the event of an early termination of this Lease, Tenant, at Tenant's sole cost and expense, shall remove such of the installations, additions, partitions, hardware, fixtures and improvements, equipment and furniture placed in the Premises by Tenant as are designated in such notice and repair any material damage to the Premises caused by such removal prior to the Expiration Date or, in the event of early termination of this Lease, as soon as reasonably practicable, failing which Landlord may remove the same and repair the Premises, and Tenant shall pay the cost thereof to Landlord on demand. At the sole option of Landlord, Tenant shall leave in place any floor covering without compensation to Tenant, or Tenant shall remove any floor covering and shall remove all fastenings, paper, glue, bases or other vestiges and restore the floor surface to its previous condition or shall pay to Landlord upon demand the cost of restoring the floor surface to such condition.

Section 9.3. Trade Fixtures and Personal Property. Tenant shall remove Tenant's furniture, machinery, safes, trade fixtures, and other items of movable personal property and equipment of

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every kind and description from the Premises and restore any damage to the Premises caused thereby, such removal and restoration to be performed prior to the end of the Term or thirty (30) days following termination of this Lease or Tenant's right of possession, whichever might be earlier. If Tenant fails to remove such items, Landlord may do so and thereupon the provisions of Section 18.6 shall apply, and Tenant shall pay to Landlord upon demand the cost of removal and of restoring the Premises.

Section 9.4. Survival. All obligations of Tenant under this Article 9 shall survive the expiration of the Term or sooner termination of this Lease.

ARTICLE 10

HOLDING OVER

Tenant shall have no right to occupy the Premises or any portion thereof after the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises. In the event Tenant or any party claiming by, through or under Tenant retains possession of the Premises or any portion thereof after the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises, Landlord may exercise any and all remedies available to it at law or in equity to recover possession of the Premises and Tenant shall be liable for any costs, expense, damages (whether consequential or direct) or liability Landlord suffers as a result of its holdover, including under any lease with a successor tenant or under any contract with a contract vendee. For each day Tenant or any party claiming by, through or under Tenant retains possession of the Premises or any part thereof after the expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises, Tenant shall pay Landlord an amount which is the sum of (i) the greater of (A) the fair market rental value of the Premises determined at the time of such holdover and (B) one hundred fifty percent (150%) of the Base Rent due and payable at the time of such Lease termination or loss of right of possession, pro-rated on a per diem basis, (ii) Impositions for the period in which such holdover occurs, calculated as though such period were within the Term, and pro-rated on a per diem basis, and (iii) all other Additional Rent due for, or applicable to, the Term and any such holdover period. Acceptance by Landlord of Rent after such termination shall not of itself constitute a renewal. Nothing contained in this Section shall be construed or operate as a waiver of Landlord's right of reentry or any other right or remedy of Landlord.

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ARTICLE 11

[INTENTIONALLY DELETED]

ARTICLE 12

RIGHTS RESERVED TO LANDLORD

Landlord reserves the following rights, exercisable with prior written notice to Tenant as set forth below (except as otherwise provided herein) and without effecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for set off or abatement of Rent or affecting any of Tenant's obligations under this Lease:

(a) to exhibit the Premises with advance notice at reasonable hours to actual or prospective lenders, purchasers and, during the last six (6) months of the Term, to prospective lessees;

(b) to decorate, remodel, repair, alter or otherwise prepare the Premises for re-occupancy at any time after Tenant abandons the Premises;

(c) upon seven (7) days prior written notice to Tenant, which notice shall set forth the applicable reasonable purpose, to enter the Premises at reasonable hours for reasonable purposes; and

(d) to enter upon the Premises at all reasonable times and upon reasonable prior written notice to Tenant (and without notice in the event of an emergency) to maintain, repair and/or make replacements to the Premises and the Personal Property necessary for the safety, protection or preservation thereof or of a material portion thereof or any person.

Landlord agrees to deliver and to cause its agents to deliver to Tenant an executed Confidentiality Undertaking in the form of Exhibit E attached hereto prior to any entry onto the Premises for the purposes described in clauses (c) and (d) above, except that such Confidentiality Undertaking may be delivered as soon as practicable in the event of any emergency under clause (d) above. Each party hereto agrees to observe and not to interfere with the rights reserved to the other party contained in this Lease.

ARTICLE 13

ALTERATIONS

Tenant shall not, without prior written notice to Landlord, make any alterations, additions or improvements to the Premises; provided that Tenant shall not be required to furnish Landlord prior written notice of any alterations that do not require the issuance of a building permit or similar authorization from any governmental agency ("Non-Structural Alterations"). Before commencement of the work or delivery of any materials onto the Premises requiring notice to Landlord, Tenant shall furnish to Landlord final plans and specifications therefor, with any confidential information removed, but including, without limitation, all plans and specifications

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furnished to governmental agencies, and necessary permits and licenses. Landlord shall, at Tenant's cost without delay, do all acts and sign all documents to enable Tenant to obtain the necessary approvals and permits and to otherwise enable Tenant to carry out those alterations, additions or improvements. All alterations, additions and improvements shall be installed in a good, workmanlike manner. All such work shall be done only by licensed contractors. Tenant further agrees to indemnify, defend and hold Landlord harmless from any and all liabilities of every kind and description which may arise out of or be connected in any way with said alterations, additions or improvements (including, without limitation, Non-Structural Alterations) and shall, at its sole and exclusive expense, promptly pay all bills for such work and/or delivery of goods in order to assure that no materialman and mechanic notices and/or liens associated therewith are filed. Tenant shall pay the cost of all alterations, additions and improvements and also the cost of restoring the Premises occasioned by such alterations, additions and improvements, including, without limitation, the cost of labor and materials, contractor's profit, overhead and general conditions. Upon completing any alterations, additions or improvements, Tenant shall furnish Landlord with contractors' affidavits, in form required by law, and full and final waivers of lien and receipts and bills covering all labor and materials expended and used. All alterations, additions and improvements shall comply with all insurance requirements and with all city and county ordinances and regulations, with the requirements of all state and federal statutes and regulations and with the requirements of Section 8.4 above. Within thirty (30) days after completion of any alterations, additions or improvements for which notice to Landlord is required hereunder, Tenant shall deliver to Landlord one (1) set of "as-built" plans for such alterations, additions or improvements prepared by Tenant's engineer in reproducible form, with any confidential information removed. Upon the expiration or earlier termination of this Lease, Tenant shall transfer to Landlord all unexpired warranties obtained by Tenant for work done in connection with the alterations, additions or improvements.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

Section 14.1. Assignment and Subletting. Tenant shall not, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, in each instance, (i) assign, transfer, license, mortgage, pledge, hypothecate or in any way encumber, or subject to or permit to exist upon or be subjected to any lien or charge, this Lease or any interest herein; (ii) allow to exist or occur any transfer of or lien upon this Lease or Tenant's interest herein by operation of law; (iii) sublet the Premises or any part thereof; or (iv) permit the use or occupancy of the Premises or any part thereof for any purpose other than Permitted Uses or by anyone other than Tenant and Tenant's employees, officers, agents, representatives and invitees. Notwithstanding anything to the contrary provided this Lease, Landlord expressly consents to any assignment, license, sublease or transfer of this Lease or any interest in Tenant to any Affiliate (as that term is hereinafter defined) of Tenant or to any entity purchasing all or substantially all of the assets or stock of Tenant (through purchase, merger or otherwise). "Affiliate" shall mean, when used with reference to Tenant any other entity that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with Tenant. "Controlling" and any variations thereof shall mean direct or indirect ownership of fifty percent (50%) or more of all of the voting stock of a corporation or fifty percent (50%) or more of the voting legal or equitable interest in any other business entity. In no event shall this Lease be assigned or assignable by or as part of voluntary or involuntary

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bankruptcy proceedings or otherwise, and in no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

Section 14.2. Rentals Based on Net Income. Without thereby limiting the generality of the foregoing provisions of this Article 14, except as expressly permitted by Section 14.1, Tenant expressly covenants and agrees not to enter into any lease, sublease or license, concession or other agreement for use, occupancy or utilization of the Premises which provides for rental or other payment for such use, occupancy or utilization based in whole or in part on the net income or profits derived by any person from the property leased, used, occupied or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported lease, sublease or license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right to or interest in the possession, use, occupancy or utilization of any part of the Premises.

Section 14.3. Tenant to Remain Obligated. Consent by Landlord to any assignment, subletting, use, occupancy or transfer shall not operate to relieve Tenant from any covenant or obligation hereunder, except to the extent, if any, expressly provided for in such prior written consent, or be deemed to be a consent to or relieve Tenant or any sublessee or assignee from obtaining Landlord's consent to any subsequent assignment, transfer, lien, charge, subletting, use or occupancy. Tenant shall pay all of Landlord's costs, charges and expenses, including reasonable attorneys' fees, incurred in connection with any assignment, transfer, lien, charge, subletting, use or occupancy made or requested by Tenant, including, without limitation, reasonable costs and expenses of attorneys employed in such assignment, subletting or other transfer process.

Section 14.4. Landlord's Consent. In accordance with Section 14.1 hereof, Landlord, upon receiving Tenant's notice of proposed assignment or subletting with respect to any portion of the Premises, will not unreasonably withhold, delay, or condition its consent to Tenant's assignment of this Lease or subletting the space covered by its notice. Landlord shall not be deemed to have unreasonably withheld its consent to a sublease of all or part of the Premises or an assignment of this Lease if its consent is withheld because (i) Tenant is then subject to a notice of a material default from Landlord hereunder; (ii) any notice of termination of this Lease or termination of Tenant's possession shall have been given under Article 18 hereof; (iii) the portion of the Premises which Tenant proposes to sublease, including the means of ingress to and egress from and the proposed use thereof, and the remaining portion of the Premises will violate or in any way conflict with any city, state or federal law, ordinance or regulation, including, without limitation, any applicable building code or zoning ordinances, or may require any retrofitting or substantial alteration or modification of the Premises for purposes of compliance with any law, statute or regulation, including, but not limited to, the Occupational Safety and Health Act, the ADA or Environmental Laws; (iv) the proposed use of the Premises by the subtenant or assignee is not a Permitted Use or in any way amounts to a Prohibited Use; (v) in the good faith reasonable judgment of Landlord, the proposed subtenant or assignee is of a character or is engaged in a business which would be deleterious to the reputation of the Premises; or (vi) the subtenant or assignee is not, in the good faith reasonable judgment of Landlord, sufficiently financially responsible to perform its obligations under the proposed sublease or assignment; provided, however, that the foregoing are merely examples of reasons for which Landlord will withhold its consent and shall not be deemed exclusive of any permitted reasons for withholding consent, whether similar to or dissimilar from the foregoing examples.

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Section 14.5. Assignee to Assume Obligations. If Tenant shall assign this Lease as permitted herein, the assignee shall expressly assume all of the obligations of Tenant hereunder in a written instrument satisfactory to Landlord and furnished to Landlord prior to the effective date of the assignment. If Tenant shall sublease the Premises as permitted herein, Tenant shall obtain and furnish to Landlord, prior to the effective date of such sublease and in form satisfactory to Landlord, the written agreement of such subtenant stating that (i) the subtenant will attorn to Landlord, at Landlord's option and written request, in the event this Lease terminates before the expiration of the sublease and (ii) Landlord may enforce the provisions of the sublease, including the collection of rents. Any failure to comply with the requirements of this Section 14.5 shall, without further act of any party to this Lease or related assignment or sublease, terminate any such agreement, but in any event, Tenant's obligations under this Lease shall remain in full force and effect.

Section 14.6. Indirect Assignments. For purposes of this Article 14, the following events shall be deemed an assignment or sublease, as appropriate: (i) the issuance of equity interests (whether stock, partnership interests or otherwise) in Tenant or any subtenant or assignee, or any entity Controlling any of them, to any person or group of related persons (other than Affiliates of Tenant), in a single transaction or a series of related or unrelated transactions, such that, following such issuance, such person or group shall have Control of Tenant or any subtenant or assignee; (ii) a transfer of Control of Tenant or any subtenant or assignee in a single transaction or a series of related or unrelated transactions (including, without limitation, by consolidation, merger, acquisition or reorganization), except to an Affiliate of Tenant and except that the transfer of outstanding capital stock or other listed equity interests by persons or parties other than "insiders" within the meaning of the Securities Exchange Act of 1934, as amended, through the "over-the-counter" market or any recognized national or international securities exchange, shall not be included in determining whether Control has been transferred; provided, however, that the foregoing clauses (i) and (ii) shall not include a sale of all or substantially all of the assets or stock of Tenant to any Affiliate of Tenant, to which Landlord has consented under Section 14.1 above, or any restructuring of the ownership structure of Tenant and its Affiliates which does not result in a change of Control thereof; or (iii) a change or conversion in the form of entity of Tenant, any subtenant or assignee, or any entity controlling any of them, which has the effect of reducing the liability of any of the partners, members or other owners of such entity below that which existed as of the Commencement Date.

ARTICLE 15

WAIVER OF CERTAIN CLAIMS; INDEMNITY

Section 15.1. Waiver of Certain Claims; Indemnity by Tenant. To the extent not expressly prohibited by law, Tenant releases Landlord, and its partners, members, shareholders, officers, directors, agents, servants and employees, from, and waives all claims as against such persons for, damages to person or property sustained by Tenant or by any occupant of the Premises or by any other person, resulting directly or indirectly from fire or other casualty, or any existing or future condition, defect, matter or thing in or about the Premises or any part of it, or from any equipment or appurtenance therein, or from any accident in or about the Premises, or from any act or neglect of any tenant or other occupant of the Premises or any part thereof or of any other person, including Landlord's agents and servants. This Section 15.1 shall apply especially, but not exclusively, to damage caused by water, snow, frost, steam, excessive heat or cold, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, broken glass, sprinkling or air conditioning

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devices or equipment, or flooding of basements, and shall apply whether the damage was due to any of the acts specifically enumerated above or from any other thing or circumstance, whether of a like nature or of a wholly different nature. Further, in no event shall Landlord nor any partner, member, shareholder, director, officer, agent, servant or employee of Landlord be liable to Tenant or any of its subtenants or any occupant of the Premises or to any other person for any indirect, consequential or punitive damages, including loss of profits. Nothing contained in this Lease shall relieve Landlord of liability for actual damages incurred by Tenant to the extent caused by the negligence or willful misconduct of Landlord or its employees, officers or agents (other than any liability that has been waived by Tenant pursuant to its waiver of subrogation set forth in Section 22.1).

Section 15.2. Damage Caused by Tenant's Negligence. Except for any claim that has been waived by Landlord pursuant to its waiver of subrogation set forth in Section 22.1, if any damage to the Premises, or any equipment or appurtenance therein, whether belonging to Landlord or to other tenants or occupants of the Premises or any other person, results from any act or negligence of Tenant, its employees, agents, contractors, licensees or invitees, Tenant shall be liable therefor and Landlord may, at its option, repair such damage and Tenant shall, upon demand by Landlord, reimburse Landlord for all costs of repairing such damage.

Section 15.3. Tenant Responsible for Personal Property. All personal property belonging to Tenant or any occupant of the Premises shall be the responsibility of Tenant and Landlord shall have no obligation to maintain or insure same.

Section 15.4. Indemnification. To the extent not expressly prohibited by law, except for any claim that has been waived by Landlord pursuant to its waiver of subrogation set forth in Section 22.1, Tenant agrees to hold Landlord, and its members, shareholders, partners, officers, directors, agents, servants and employees, harmless and to defend and indemnify each of them against loss, cost, damage, claims and liabilities, including, but without limitation, reasonable attorneys' fees and costs of litigation, for injuries to all persons and damage to or theft or misappropriation or loss of property occurring in or about the Premises arising from (i) Tenant's occupancy of the Premises or the conduct of its business, (ii) any activity, work or thing done or permitted by Tenant in or about the Premises, (iii) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or (iv) any other act or omission of Tenant, its officers, directors, owners, agents, contractors, invitees, licensees, employees, sublessees, assignees, other persons participating in or associated with the business of Tenant, or arising from any other cause or source relating to or associated with Tenant. Tenant's obligation to indemnify Landlord and the other parties indemnified hereunder shall include the duty to defend against any claims asserted by reason of any such claims or liabilities and to pay any judgments, settlements, costs, penalties, assessments, fines, fees and expenses, including reasonable attorneys' fees, incurred in connection therewith. To the extent not expressly prohibited by law, except for any claim that has been waived by Tenant pursuant to its waiver of subrogation set forth in Section 22.1, Landlord agrees to hold Tenant, and its members, shareholders, partners, officers, directors, agents, servants and employees, harmless and to defend and indemnify each of them against loss, cost, damage, claims and liabilities, including, but without limitation, reasonable attorneys' fees and costs of litigation, for injuries to all persons and damage to or theft or misappropriation or loss of property occurring in or about the Premises arising from (i) any breach or default on the part of Landlord in the performance of any covenant or agreement on the part of Landlord to be performed pursuant to the terms of this Lease, or (ii) any other act, omission or gross negligence of Landlord, its officers, directors, owners, agents, contractors, invitees, licensees,

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employees, assignees, or other persons participating in or associated with the business of Landlord. Landlord's obligation to indemnify Tenant and the other parties indemnified hereunder shall include the duty to defend against any claims asserted by reason of any such claims or liabilities and to pay any judgments, settlements, costs, penalties, assessments, fines, fees and expenses, including reasonable attorneys' fees, incurred in connection therewith.

Section 15.5. Survival. All obligations and waivers of the parties under this Article 15 shall survive the expiration of the Term or sooner termination of this Lease.

ARTICLE 16

DAMAGE OR DESTRUCTION BY CASUALTY

If the Premises shall be damaged by fire or other casualty during the last twenty-four (24) months of the Term and the cost of restoration is reasonably estimated by Landlord to exceed One Million Dollars ($1,000,000), then Landlord or Tenant shall have the right to terminate his Lease as of the date of such casualty upon giving notice to the other within thirty (30) days after such casualty; otherwise Tenant shall proceed to repair and restore the same with reasonable promptness. Unless this Lease is terminated as provided in the preceding sentence, Tenant shall proceed with reasonable promptness to repair and restore the Premises, subject to zoning laws and building codes then in effect. Except as expressly set forth herein, no destruction of or damage to the Premises, or any portion thereof, by fire, casualty or otherwise, shall permit Tenant to surrender this Lease or, shall relieve Tenant from its liability to pay to Landlord the Rent payable under this Lease or from any of its other obligations thereunder. In the event of termination of this Lease pursuant to this Article 16, Rent shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty. Any damage or destruction to the Premises which does not result in termination of this Lease shall not result in the abatement of the Base Rent, Impositions and other Additional Rent payable hereunder. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the Premises, damage to Tenant's personal property or any inconvenience occasioned by any damage except (other than for liability that has been waived by Tenant pursuant to its waiver of subrogation set forth in Section 22.1) to the extent caused solely by Landlord's or its agents', officers' or employees' gross negligence or willful misconduct.

ARTICLE 17

EMINENT DOMAIN

If the entire Premises, or a substantial part thereof, or any part thereof which includes all or a substantial part of the building(s) located thereon shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, the Term of this Lease shall end upon and not before the earlier of (i) the date when the possession of the part so taken shall be required for such use or purpose or (ii) the effective date of the taking and without apportionment of the award to or for the benefit of Tenant. If any condemnation proceeding shall be instituted in which it is sought to take or damage any part of the Premises, the taking of which would, in Landlord's or Tenant's reasonable opinion, prevent the economical operation of the Premises, and such taking or damage makes it necessary or desirable to remodel the Premises to conform to the taking or damage, either Landlord or Tenant shall have the right to terminate this Lease upon not less than ninety (90) days'

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notice prior to the date of termination designated in such notice. In such event, Rent shall be apportioned as of the date of the termination. No money or other consideration shall be payable by Landlord or by Tenant for the right of termination. If the Lease is not terminated as set forth above, then Tenant shall proceed to repair and restore the same with reasonable promptness, subject to zoning laws and building codes then in effect. No condemnation or taking of any portion of the Premises which does not result in termination of this Lease shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay to Landlord the Rent payable under this Lease or from any of its other obligations hereunder, provided, however, that, if such condemnation or taking includes any portion of the building located on the Premises, Base Rent shall be reduced in proportion to the reduction, if any, of the rentable area thereof as reasonably determined by Landlord. Landlord shall be entitled to all of the condemnation award for the Premises, provided that if such a claim will not reduce the condemnation award to Landlord in any way, Tenant shall be entitled to make a claim against the condemning authority for loss or damage to Tenant's trade fixtures, equipment, machinery and removable personal property, and, if this Lease is terminated as set forth above, for actual, out-of-pocket costs incurred in relocating, but not for the value of the leasehold estate, and provided further that if the Lease is not terminated as set forth above, Landlord shall make the condemnation proceeds allocable to the taking of any improvements on the Premises available to Tenant for the restoration thereof.

ARTICLE 18

EVENT OF DEFAULT

Section 18.1. Events of Default. The occurrence of any one or more of the following matters constitutes a default (an "Event of Default") by Tenant under this Lease after the expiration of any applicable notice and cure periods:

(a) failure by Tenant to pay any Base Rent after the due date thereof for a period of ten (10) days after written notice to Tenant;

(b) failure by Tenant to pay, within thirty (30) days after written notice of failure to pay on the due date from Landlord to Tenant, any other moneys required to be paid by Tenant under this Lease including, but not limited to, Impositions and Additional Rent;

(c) Tenant's assignment of this Lease or sublease of the Premises or any portion thereof in violation of Article 14;

(d) failure by Tenant to immediately commence to cure upon receipt of written notice from Landlord, and to continuously prosecute said cure to completion within thirty (30) days after receipt of such notice, any hazardous condition which Tenant has created in violation of law or of this Lease (or such longer period, not to exceed ninety (90) days in the aggregate, as is necessary so long as Tenant commences to cure such default within said thirty (30) day period and diligently and continuously prosecutes said cure to completion within said ninety (90) days);

(e) failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after

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written notice thereof from Landlord to Tenant (or such longer period, not to exceed ninety (90) days in the aggregate, as is necessary so long as Tenant commences to cure such default within said thirty (30) day period and diligently and continuously prosecutes said cure to completion within said ninety (90) days);

(f) the levy upon under writ of execution or the attachment by legal process of the leasehold interest of Tenant, or the filing or creation of a lien with respect to such leasehold interest, which writ, attachment or lien shall not be bonded-over, released or discharged within thirty (30) days from the date of such levy, attachment, filing or creation;

(g) Tenant becomes insolvent or bankrupt, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors with respect to a material part of its assets, or applies for or consents to the appointment of a trustee or receiver for Tenant or for a substantial part of its assets;

(h) a trustee or receiver is appointed for Tenant or for a substantial part of its assets and is not discharged within ninety (90) days after such appointment; or

(i) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings/or relief under any bankruptcy law or similar law for the relief of debtors, are instituted (i) by Tenant or (ii) against Tenant and are allowed against it or are consented to by it or are not dismissed within ninety (90) days after such institution.

Section 18.2. Rights and Remedies of Landlord. If an Event of Default occurs, and subject to its duty to use commercially reasonable efforts to mitigate its damages, Landlord shall have the rights and remedies hereinafter set forth, which shall be distinct, separate and cumulative and shall not operate to exclude or deprive Landlord of any other right or remedy allowed it by law or in equity and the decision by Landlord to pursue any one or more of such remedies shall not be treated as an election to only pursue any such remedies to the exclusion of any others:

(a) Landlord may terminate this Lease by giving to Tenant notice of Landlord's election to do so, in which event the Term shall end and all right, title and interest of Tenant hereunder shall expire on the date stated in such notice;

(b) Landlord may terminate the right of Tenant to possession of the Premises without terminating this Lease by giving notice to Tenant that Tenant's right of possession shall end on the date stated in such notice, whereupon the right of Tenant to possession of the Premises or any part thereof shall cease on the date stated in such notice; and

(c) Landlord may enforce the provisions of this Lease and may enforce and protect the rights of Landlord hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, including recovery of all moneys due or to become due from Tenant under any of the provisions of this Lease.

Section 18.3. Right to Re-Enter. If Landlord exercises either of the remedies provided for in subsections (a) and (b) of the foregoing Section 18.2, Tenant shall surrender possession and vacate the Premises and immediately deliver possession thereof to Landlord, and Landlord may by

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employing lawful means re-enter and take complete and peaceful possession of the Premises, with process of law, full and complete license so to do being hereby granted to Landlord, and Landlord may remove all occupants and property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without relinquishing Landlord's right to Rent or any other right given to Landlord hereunder or by operation of law. In conjunction with any such re-entry by lawful means Landlord shall, in the event that there are any subtenants occupying or having rights in and to the Premises, be entitled to either terminate any such subtenancies or assume Tenant's rights thereunder, provided, however, that no such assumption shall, unless otherwise expressly agreed to by Landlord, obligate Landlord to perform or fulfill Tenant's obligations thereunder.

Section 18.4. Periodic Damages. If Landlord terminates the right of Tenant to possession of the Premises without terminating this Lease, Landlord may, at its election, proceed under this Section or under Section 18.5. Under this Section, Landlord shall have the right to immediate recovery of all amounts then due hereunder. Such termination of possession shall not release Tenant, in whole or in part, from Tenant's obligation to pay any amounts due Landlord hereunder for the full Term, and Landlord shall have the right, from time to time, to recover from Tenant, and Tenant shall remain liable for, all Base Rent, Additional Rent, including Impositions, and any other sums accruing as they become due under this Lease during the period from the date of such notice of termination of possession to the stated end of the Term. In any such case, Landlord shall use commercially reasonable efforts to relet the Premises or any part thereof for the account of Tenant for such rent, for such time (which may be for a term extending beyond the Term) and upon such terms as shall be marketably reasonable, provided, however, Landlord (i) may show or lease any other available space and Landlord shall incur no liability to Tenant for preferentially showing or leasing such other space; (ii) shall not be obligated to lease the Premises to any replacement tenant that does not, in Landlord's reasonable opinion, have (A) sufficient financial resources, (B) operating experience or (C) good reputation in the business community; (iii) shall not be obligated to lease the Premises to any replacement tenant where the replacement tenant's use of the Premises would violate any Mortgage, covenant, condition or restriction of record; and (iv) shall not be obligated to lease the Premises for any rental below the fair market rental for the Waxahachie area (except if applicable law requires Landlord to relet the Premises or collect such rent upon reletting and Landlord fails to do so). Landlord shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant relative to such reletting. Also, in any such case, Landlord may make repairs, alterations and additions in or to the Premises and redecorate the same to the extent reasonably deemed by Landlord necessary or desirable and, in connection therewith, change the locks to the Premises, and Tenant shall upon demand pay the cost of all the foregoing together with Landlord's expenses of reletting. The rents from any such reletting shall be applied first to the payment of the expenses of reconditioning the Premises to a condition suitable for leasing such Premises, reentry, redecoration, repair and alterations and the expenses of reletting (including any brokerage fees or commissions), and second to the payment of Additional Rent then due from Tenant, and third to the payment of Base Rent herein provided to be paid by Tenant. Any excess or residue shall operate only as an offsetting credit against the amount of Base Rent and Additional Rent, including Impositions, due and owing or which thereafter may become due and owing as the same thereafter becomes due and payable hereunder, and the use of such offsetting credit to reduce the amount of Base Rent and Additional Rent, including Impositions, if any, shall not be deemed to give Tenant any right, title or interest in or to such excess or residue, and any such excess or residue shall belong to Landlord solely, and in no event shall Tenant be entitled to a credit on its indebtedness to or on behalf of Landlord in excess of the aggregate sum (including Base Rent,

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Additional Rent and Impositions) which would have been paid by Tenant to the stated end of the Term, had no Event of Default occurred. No such reentry or repossession, repairs, alterations and additions or reletting shall be construed as an eviction or ouster of Tenant or as an election on Landlord's part to terminate this Lease, unless a written notice of such intention shall be given to Tenant, nor shall it operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, and Landlord may, at any time and from time to time, sue and recover judgment for any deficiencies from time to time remaining after the application from time to time of the proceeds of any such reletting.

Section 18.5. Liquidated and Associated Damages. If this Lease is terminated by Landlord as provided for by subsection (a) of Section 18.2, or if Landlord does not terminate the Lease, but elects to proceed under this Section instead of Section 18.4, Landlord shall be entitled to recover from Tenant all Base Rent and Additional Rent, including Impositions, as estimated by Landlord, accrued and unpaid for the period up to and including such termination date or election date, as applicable (such applicable termination or election date hereafter "Calculation Date"), as well as all other additional sums payable by Tenant or for which Tenant is liable or in respect of which Tenant has agreed to indemnify Landlord under any of the provisions of this Lease, which may be then owing and unpaid, and all costs, assessments, fines, fees and expenses, including court costs and reasonable attorneys' fees, incurred by Landlord in the enforcement of its rights and remedies hereunder, and, in addition, Landlord shall be entitled to recover as damages for loss of the bargain and not as a penalty: (i) the aggregate sum which at the time of such termination or election represents the excess, if any, of the present value of the aggregate Rents which would have been otherwise payable under this Lease after the Calculation Date (including, without limitation, Base Rent at the annual rate or respective annual rates for the remainder of the Term and the amount reasonably projected by Landlord to represent Additional Rent for the remainder of the Term) over the then-present value of the then-aggregate fair rental value of the Premises for the balance of the Term remaining after the Calculation Date, such present worth to be computed in each case on the basis of an eight percent (8%) per annum discount from the respective dates upon which such rentals or other amounts would have been otherwise payable under this Lease; and (ii) any damages in addition thereto, including reasonable attorneys' fees and court costs, which Landlord shall have sustained by reason of the breach of any of the covenants of this Lease other than for the payment of Rent. For purposes of calculating damages for the loss of bargain under this Section, such calculation will, for purposes of calculating the fair rental value offset, take into account the estimated average period of time necessary for Landlord to locate an acceptable tenant and negotiate and complete a lease with such replacement tenant. The parties hereto agree that such period of time shall be conclusively deemed to be six (6) calendar months from the Calculation Date, and, therefore, there shall be no amount attributable to fair rental value of the Premises to be offset against amounts otherwise due under the Lease for the initial six (6) month period after the Calculation Date.

Section 18.6. Storage, Removal and Sale of Personal Property. All property of Tenant which is stored by Landlord or removed from the Premises by Landlord pursuant to any provisions of this Lease may be handled, removed or stored by Landlord at the cost and expense of Tenant and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay Landlord for all expenses incurred by Landlord in such removal and storage and all reasonable charges requested by Landlord for any storage of such property, so long as the same shall be in Landlord's possession or under Landlord's control. All such property not removed from the Premises or retaken from storage by Tenant within sixty (60) days after the end of the Term, however terminated, shall, at Landlord' s option, either (i) be conclusively deemed to have been

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conveyed by Tenant to Landlord as by bill of sale without further payment or credit by Landlord to Tenant, or (ii) sold by Landlord in accordance with Texas statutory law whereby all costs and expenses incurred by Landlord in such sale will be added to any amounts owed Landlord.

Section 18.7. Attorneys' Fees. Tenant shall pay all of Landlord's reasonable costs, charges and expenses, including court costs and reasonable attorneys' fees, incurred by Landlord in any action brought by Landlord or against Landlord in which Landlord is the prevailing party, or incurred by Landlord in any litigation, negotiation or transaction in which Tenant causes Landlord, without its fault, to become involved or concerned. Nothing in this Section 18.7 shall interfere with Landlord's rights and remedies against Tenant and/or any guarantors of this Lease to receive the benefit of Tenant's agreements to defend and/or indemnify Landlord as variously set forth herein. Attorneys' fees available to Landlord hereunder may include, without limitation, all fees and costs incurred by Landlord in filing a claim or otherwise requesting relief or appearing in or with respect to bankruptcy or insolvency proceedings involving Tenant, any guarantor of this Lease or any successor to or assign of either such party. In this Section 18.7, the term "prevailing party" shall include, without limitation, a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment or the abandonment by the other party of its claim or defense and shall also include a party filing a claim or otherwise requesting relief in bankruptcy or insolvency proceedings involving the other party to this Lease. The attorneys' fees and costs awarded shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees and costs reasonably incurred. Tenant shall also have all such rights against Landlord that are provided to Landlord in this Section 18.7 upon Landlord's default.

Section 18.8. [Intentionally Deleted].

Section 18.9. Landlord Default. In the event that Landlord is in default of any agreement, representation, warranty, or indemnification obligation provided herein, Landlord shall have thirty (30) days after notice thereof to cure same (or if such default cannot be cured within that 30 day period, then Landlord shall have such additional time (not to exceed 90 days) as may be reasonably necessary if Landlord has commenced within such 30 days and is diligently pursuing in good faith to cure such default). Subject to and without limitation of Section 29.17 below and Tenant's rights thereunder, Tenant shall have no, and hereby expressly disclaims and waives any, right to cancel or terminate this Lease in the event of any non-performance or default of Landlord, subject to the cure period set forth above, Tenant's rights being hereby expressly limited to an action for damages, specific performance or other equitable remedies.

ARTICLE 19

SUBORDINATION

Section 19.1. Subordination. Landlord may hereafter from time to time execute and deliver one or more mortgages or trust deeds in the nature of a mortgage (collectively or singularly, a "Mortgage" or "Mortgages," the Mortgage with priority over any other Mortgages from time to time being herein referred to as the "First Mortgage") against the Premises or any interest therein. Landlord represents, warrants and covenants that Tenant's leasehold estate is and will remain either senior to all Mortgages presently existing or hereafter placed against the Premises or any part thereof

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or will be subject to a mutual recognition and attornment agreement reasonably acceptable to Tenant. Tenant will promptly, but in no event later than twenty (20) days after receipt thereof, execute and deliver such agreement or agreements. Tenant covenants it will not subordinate this Lease to any Mortgage other than a First Mortgage without the prior written consent of the holder of the First Mortgage. Landlord represents and warrants to Tenant that to Landlord's knowledge, without inquiry, there are no liens filed, incurred, affecting or relating to the Premises.

Section 19.2. Liability of Holder of Mortgage; Attornment. It is further agreed that (i) if any Mortgage shall be foreclosed, (A) the holder of the Mortgage, ground lessor (or their respective grantees) or purchaser at any foreclosure sale (or grantee in a deed in lieu of foreclosure), as the case may be, shall not be (1) liable for any act or omission of any prior landlord (including Landlord), (2) subject to any offsets or counterclaims which Tenant may have against a prior landlord (including Landlord), or (3) bound by any prepayment of Base Rent, Additional Rent or Impositions which Tenant may have made in excess of the amounts then due for the next succeeding quarter; (B) the liability of the mortgagee or trustee hereunder or the purchaser at such foreclosure sale under this Lease or the liability of a subsequent owner designated as landlord under this Lease shall exist only so long as such trustee, mortgagee, purchaser or owner is the owner of the Premises, and such liability shall not continue or survive after further transfer of ownership except for such matters that arose during ownership; and (C) Tenant will attorn, as Tenant under this Lease, to the purchaser at any foreclosure sale under any Mortgage, and Tenant will promptly, but in no event later than twenty (20) days after receipt thereof, execute such instruments as may be necessary or appropriate to evidence such attornment, provided such instruments also contain a provision recognizing Tenant's tenancy and agreeing that Tenant's quiet possession shall not be disturbed if Tenant has not committed an Event of Default; and (ii) this Lease may not be modified or amended so as to reduce the Rent or shorten the Term or so as to adversely affect in any other respect to any material extent the rights of Landlord, nor shall this Lease be canceled or surrendered, without the prior written consent of the holder of any Mortgage and any ground lessor.

Section 19.3. Short Form Lease. Prior to the Commencement Date, Landlord and Tenant shall execute a memorandum of lease for recording (containing the names of the parties, a description of the Premises, the Term of this Lease and all options) in such form as may be mutually acceptable, and shall record such memorandum with the real property records of the county in which the Premises are located. Landlord and Tenant agree to execute a recordable release of said memorandum of lease upon expiration or termination of this Lease.

ARTICLE 20

MORTGAGEE PROTECTION

Tenant agrees to give any ground lessor or any holder of any Mortgage against the Premises, or any interest therein, by registered or certified mail, a copy of any notice or claim of default served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of service on Tenant of a copy of an assignment of Landlord's interests in leases, or otherwise) of the name and address of such ground lessor or Mortgage holder. Tenant further agrees that if Landlord shall have failed to cure such default within thirty (30) days after such notice to Landlord (or if such default cannot be cured or corrected within that time, then such additional time not to exceed ninety (90) days as may be necessary if Landlord has commenced within such thirty (30)

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days and is diligently pursuing the remedies or steps necessary to cure or correct such default), then the ground lessor or holder of the Mortgage shall have an additional thirty (30) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such ground lessor or holder of the Mortgage has commenced within such thirty (30) days and is diligently pursuing the remedies or steps necessary to cure or correct such default, including the time necessary to obtain possession if possession is necessary to cure or correct such default).

ARTICLE 21

ESTOPPEL CERTIFICATE

Each party hereto agrees that, from time to time upon not less than ten (10) days prior written request by the other or the holder of any Mortgage or any ground lessor, it (or any permitted assignee, subtenant, licensee, concessionaire or other occupant of the Premises claiming by, through or under Tenant) will deliver to the party making the written request, a statement in writing signed by such party certifying certain terms, conditions and status of the relationship between Landlord and Tenant arising out of this Lease including, but in no way limited to: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and identifying the modifications); (ii) the date upon which Tenant began paying Rent and the dates to which the Rent and other charges have been paid; (iii) that such responding party is not in default under this Lease, or, if in default the nature thereof in detail and, to its best actual knowledge, the other party is not in default hereunder or, if in default, the nature thereof in detail; (iv) that Tenant is in occupancy of the Premises and paying all Base Rent and Additional Rent, including all Impositions, on a current basis with no rental offsets or claims; (v) that there has been no prepayment of Base Rent other than that provided for in this Lease; (vi) that there are no actions, whether voluntary or otherwise, pending against such party under the bankruptcy laws of the United States; (vii) that except as specifically set forth in this Lease, there are no options or rights regarding renewal of this Lease, acquisition of the Premises or any portion thereof, expansion or diminution of the Premises or other rights or options similar to the foregoing; and (viii) such other matters as may be reasonably required by the party making the written request for such estoppel.

ARTICLE 22

SUBROGATION AND INSURANCE

Section 22.1. Waiver of Subrogation. Landlord and Tenant agree to have all property damage insurance which may be carried by either of them endorsed with a clause providing that any release from liability of, or waiver of claim for recovery from, the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder, and providing further that the insurer waives all rights of subrogation which such insurer might have against the other party. Without limiting any release or waiver of liability or recovery set forth elsewhere in this Lease, and notwithstanding anything in this Lease which may appear to be to the contrary, each of the parties hereto waives all claims for recovery from the other party for any loss or damage to any of its property payable under insurance policies required by this Lease to be maintained by the party providing this waiver, regardless of whether the damage or loss was caused by the negligence of the party granting such waiver.

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Notwithstanding the foregoing or anything contained in this Lease to the contrary, any release or any waiver of claims shall not be operative, nor shall the foregoing endorsements be required, in any case where the effect of such release or waiver is to invalidate insurance coverage or invalidate the right of the insured to recover thereunder or to increase the cost thereof (provided that in the case of increased cost the other party shall have the right, within ten (10) days following written notice, to pay such increased cost keeping such release or waiver in full force and effect).

Section 22.2. Tenant's Insurance. Tenant shall procure and maintain policies of insurance, at its sole cost and expense, during the Term with the following coverages:

(a) Commercial general liability insurance written on a per occurrence basis covering all claims, demands or actions made by, or on behalf of, any person or persons, firm or corporation and arising from, related to or connected with the Premises, Tenant's use and occupancy and the conduct of its business therein for injury to or death of any person and for damage to property in an amount of not less than One Million Dollars ($1,000,000), combined single limit, which coverage shall be primary and non-contributory, and umbrella or excess liability coverage of not less than Ten Million Dollars ($10,000,000) in excess over and above primary coverage. Tenant's insurance will include products and completed operations liability.

(b) Insurance against loss or damage from external explosion or breakdown of boilers, air conditioning equipment and miscellaneous electrical apparatus, if any, in the Premises, in an amount not less than One Million Dollars ($1,000,000), with loss or damage payable to Landlord and Tenant as their interests may appear.

(c) Insurance against all worker's compensation claims in statutory amounts and employer's liability coverage with minimum limits of One Million Dollars ($1,000,000) bodily injury by accident, One Million Dollars ($1,000,000) bodily injury by disease and One Million Dollars ($ 1,000,000) bodily injury per each employee.

(d) Business interruption insurance covering Tenant for a period of twelve (12) months.

(e) All leasehold improvements, contents (including, without limitation, the Surplus Equipment and the Personal Property) and Tenant's trade fixtures, machinery, equipment, furniture and furnishings, in the Premises to the extent of one hundred percent (100%) of their replacement cost (subject to reasonable and customary deductibles) against loss or damage by fire, lightning, wind storm, aircraft, vehicles, smoke, explosion, riot or civil commotion, flood and earthquake as provided by all risk insurance, including coverage for vandalism and malicious mischief and sprinkler leakage.

(f) If Tenant operates owned, leased or non-owned vehicles on the Premises, comprehensive automobile liability insurance with a minimum coverage of One Million Dollars ($1,000,000) per occurrence.

(g) "All risks" property and casualty insurance covering the Premises and all improvements located thereon for the benefit of Landlord, its managing agents and mortgagees, as their respective interests may appear, as the named insureds, against (i) loss or

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damage by fire; (ii) loss or damage from such other risks or hazards now or hereafter embraced by an "all risks" policy, including, but not limited to, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (iii) loss from so-called explosion, collapse and underground hazards; and (iv) loss or damage from such other risks or hazards of a similar or dissimilar nature which are not or may hereafter be customarily insured against with respect to improvements similar in construction, design, general location, use and occupancy to the improvements located on the Premises. At all times, such insurance coverage shall be in an amount equal to one hundred percent (100%) of the then "Full Replacement Cost" of such improvements (subject to reasonable and customary deductibles). Full Replacement Cost shall be interpreted to mean the cost of replacing all such improvements without deduction for depreciation or wear and tear, and it shall include a reasonable sum of architectural, engineering, legal, administrative and supervisory fees in connection with the restoration or replacement thereof in the event of damage thereto or destruction thereof. If a sprinkler system shall be located in the Premises, sprinkler leakage insurance in form and amount reasonably satisfactory to Landlord shall be procured and continuously maintained by Tenant at Tenant's sole cost and expense.

(h) Such other types of insurance or endorsements to the aforesaid insurance as may be required of tenants whose use and credit is comparable to that of Tenant by owners leasing space of a size comparable to the Premises for a use similar to Tenant's use.

Landlord may from time to time increase the insurance coverage limits to be maintained by Tenant under this Section 22.2 as Landlord reasonably deems necessary in order to maintain adequate coverage; provided, that Landlord may not increase such insurance coverage limits to amounts greater than limits comparable to limits then customarily required of tenants leasing space of a size comparable to the Premises for a use similar to Tenant's use. In the event that Tenant elects to self-insure or obtain self-insured retentions in lieu of the foregoing, Tenant will notify Landlord in writing of same, together with information setting forth the limits of such self-insurance or self-insured retentions (as same apply to this Lease), the excess coverage that Tenant proposes to carry, Tenant's financial capacity to undertake and support such self-insurance or self-insured retentions and Tenant's risk management program, all of which shall be subject to Landlord's reasonable approval. Tenant agrees to furnish Landlord at least annually updated information as set forth above if there has been any material adverse change thereto.

Section 22.3. Evidence of Insurance. Prior to the commencement of the Term, Tenant shall furnish to Landlord insurance policies and certificates of insurance evidencing the insurance coverage required by this Lease. Such policies shall state that such insurance coverage may not be materially amended or canceled or not renewed without at least thirty (30) days' prior written notice to Landlord in accordance with Article 26, Tenant and the holder of any Mortgages whose names and addresses have been furnished to Tenant. Such insurance shall be in form reasonably satisfactory to Landlord and the holders of any Mortgages, provide for deductibles reasonably satisfactory to the holders of any Mortgages and be issued by financially sound insurance companies reasonably acceptable to Landlord licensed to do business in the State of Texas and maintaining a rating of A+/XI or better in Best's Insurance Reports-Property-Casualty (or an equivalent rating in any successor index adopted by Best's or its successor). Certificates of insurance evidencing all renewal and substitute policies of insurance shall be delivered to Landlord and the holders of any

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Mortgages whose names and addresses have been furnished to Tenant at least fifteen (15) days before termination of the policies being renewed or substituted.

Landlord and any property manager, any ground lessor and the holders of any Mortgages shall be named as principals under each policy of insurance maintained by Tenant pursuant to Sections 22.2(a) and (f). The policies of insurance required to be maintained by Tenant shall provide that the coverage thereunder shall be primary, and that any coverage carried by Landlord shall be secondary and noncontributory with respect to Tenant's policy.

Tenant shall not, on Tenant's own initiative or pursuant to request or requirement of any third party, take out separate insurance concurrent in form or contributing in the event of loss with the insurance required in this Lease unless the parties required by this Article 22 to be named as additional insureds or loss payees thereunder are so named. Tenant shall immediately notify Landlord in writing whenever any such separate insurance is taken out. All such policies of insurance that Tenant is obligated to obtain and maintain shall provide that any loss shall be payable to Landlord notwithstanding any act or omission of Tenant which might otherwise result in a forfeiture or reduction of such insurance.

Section 22.4. Compliance with Requirements. Tenant's use shall comply with all applicable laws and ordinances, all orders and decrees of court and all requirements of other governmental authorities, and shall not, directly or indirectly, make any use of the Premises which may thereby be prohibited or be dangerous to person or property, or which may jeopardize any insurance coverage or increase the cost of such insurance or require additional insurance coverage.

Section 22.5. Proceeds of Certain Insurance. All policies of insurance required by Sections 22.2(b) and (g) shall provide that the proceeds thereof shall be payable to Landlord, and if Landlord so requests, shall also be payable to any contract purchaser of the Premises and any First Mortgagee, as the interest of such purchaser or Mortgagee appears, pursuant to a standard named insured or mortgagee clause.

ARTICLE 23

NONWAIVER

No waiver of any condition expressed in this Lease shall be implied by any neglect of Landlord to enforce any remedy on account of the violation of such condition, whether or not such violation be continued or repeated subsequently, and no express waiver shall affect any condition other than the one specified in such waiver and that one only for the time and in the manner specifically stated. Without limiting Landlord's rights under Article 10, no receipt of moneys by Landlord from Tenant after the termination in any way of the Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Term or affect any notice given to Tenant prior to the receipt of such moneys. After the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any moneys due, and the payment of said moneys shall not waive or affect said notice, suit or judgment.

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ARTICLE 24

DUE AUTHORITY

Tenant (i) represents and warrants that (A) this Lease and all other documents and instruments delivered to Landlord in connection with this Lease and the transactions contemplated hereby have been duly authorized, executed and delivered by and on behalf of Tenant and constitute the valid and binding agreements of Tenant in accordance with the terms hereof and thereof, (B) this Lease and the performance by Tenant of its obligations hereunder do not violate or conflict with any agreement to which Tenant is a party or to which its property is subject, and (C) no consent of any third party is required with respect to its execution or delivery of this Lease or performance of its obligations hereunder, and (ii) shall deliver to Landlord or its agent, concurrently with the delivery of this Lease executed by Tenant, and at Tenant's sole expense, certified resolutions of the board of directors (and/or shareholders, partners or members if required) authorizing Tenant's execution and delivery of this Lease and the performance of Tenant's obligations hereunder, a Certificate of Good Standing or equivalent for each of the jurisdiction of Tenant's organization and the State of Texas and any and all similar documentation evidencing Tenant's authority and existence as may be reasonably requested by Landlord. Landlord (i) represents and warrants that (A) this Lease and all other documents and instruments delivered to Tenant in connection with this Lease and the transactions contemplated hereby have been duly authorized, executed and delivered by and on behalf of Landlord and constitute the valid and binding agreements of Landlord in accordance with the terms hereof and thereof, (B) this Lease and the performance by Landlord of its obligations hereunder do not violate or conflict with any agreement to which Landlord is a party or to which its property is subject, and (C) no consent of any third party is required with respect to its execution or delivery of this Lease or performance of its obligations hereunder, and (ii) shall deliver to Tenant or its agent, concurrently with the delivery of this Lease executed by Landlord, and at Landlord's sole expense, certified resolutions of officers and members authorizing Landlord's execution and delivery of this Lease and the performance of Landlord's obligations hereunder, a Certificate of Good Standing or equivalent for the jurisdiction of Landlord's organization and the State of Texas and any and all similar documentation evidencing Landlord's authority and existence as may be reasonably requested by Tenant.

ARTICLE 25

REAL ESTATE BROKERS

Landlord and Tenant agree to indemnify and hold harmless the other party from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any broker, licensee, agent or finder claiming under the indemnifying party for any commission alleged to be due such party in connection with this Lease.

ARTICLE 26

NOTICES

All notices and demands required or desired to be given by either party to the other with respect to this Lease or the Premises shall be in writing and shall be delivered personally, sent by

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overnight courier service, prepaid, or sent by United States registered or certified mail, return receipt requested, postage prepaid, and addressed as herein provided. Notices to or demands upon Tenant shall be addressed to

Tenant, prior to the Commencement Date, at

James Hardie Building Products, Inc.
26300 La Alameda, Suite 100
Mission Viejo, California 92691
Attention: Chief Executive Officer
and, after the Commencement Date, at the Premises, in both cases

with copies to

James Hardie Building Products, Inc.
26300 La Alameda, Suite 100
Mission Viejo, California 92691
Attention: General Counsel

and

James Hardie Building Products, Inc.
26300 La Alameda, Suite 100
Mission Viejo, California 92691
Attention: Chief Financial Officer

and

James Hardie NV
26300 La Alameda, Suite 100
Mission Viejo, California 92691
Attention: Corporate Secretary

Notices to or demands upon Landlord shall be addressed to Landlord in care of

Temple-Inland Forest Products Corporation
303 South Temple Drive
Diboll, Texas 75941
Attention: Vice President - Panel Products,

and a copy to

Temple-Inland Forest Products Corporation
303 South Temple Drive
Diboll, Texas 75941
Attention: General Counsel

Notices and demands shall be deemed given and served (i) upon receipt or refusal, if delivered personally, (ii) one (1) business day after deposit with an overnight courier service, or (iii) three (3)

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business days after deposit in the United States mails, if mailed. Either party may change its address for receipt of notices by giving notice of such change to the other party in accordance herewith. Notices and demands from Landlord to Tenant may be signed by Landlord, the managing agent for the Premises (provided Tenant previously has been notified in writing by Landlord of the identity of such managing agent) or the agent of any of them.

ARTICLE 27

HAZARDOUS SUBSTANCES

Section 27.1. Defined Terms.

(a) "Claim" shall mean and include any demand, cause of action, proceeding or suit (i) for damages (whether designated as, or otherwise encompassing, actual, punitive, foreseeable, unforeseeable, consequential, incidental or direct damages), losses, liabilities, judgments, injuries to person or property, damages to natural resources, fines, penalties, interest, contribution or settlement, (ii) for the costs of site investigations, feasibility studies, information requests, health or risk assessments or Response actions, and (iii) for enforcing insurance, contribution or indemnification agreements, and shall include any actual or claimed liability arising out of the same, including all reasonable costs and expenses, reasonable experts' and consultants' fees and reasonable attorneys' fees, expended in the investigation, defense or resolution thereof.

(b) "Environmental Laws" shall mean and include all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, occupational safety, health, safety, contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 et seq. ("CAA"); the Clean Water Act, 33 U.S.C. Section 1251 et seq. and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. Section 136 et seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 et seq.; the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq.; the Noise Control Act, 42 U.S.C. Section 4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Solid Waste Disposal Act, 42 U.S.C. Section 1801 et seq. the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq. ("FWPCA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq. ("HMRA"); the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. Section 2601 et seq.; the Atomic Energy Act, 42 U.S.C. Section 2011 et seq., and the Nuclear Waste Policy Act of 1982,42 U.S.C. Section 10101 et seq.; and any successor statutes and regulations to the foregoing and state superlien and environmental clean-up statutes, with implementing regulations and guidelines. Environmental Laws shall also include all state, regional, county, municipal and other local laws, regulations and

ordinances insofar as they are equivalent or similar to the federal laws recited above or purport to regulate Hazardous Materials.

(c) "Hazardous Materials" shall mean any waste, substances or material the exposure to which is classified, limited, regulated or prohibited by any governmental authority (federal, state or local) including, but in no way limited to the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, by-product or constituent regulated under CERCLA; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas and synthetic gas usable for fuel; pesticides regulated under the FIFRA; asbestos and asbestos materials, PCBs and other substances regulated under the TSCA; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes; however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communication Standard, 29 C.F.R. Section 1910.1200 et seq.; industrial process and pollution control wastes within the meaning of RCRA; "hazardous materials" under the HMTA; "hazardous air pollutants" under the CAA; a "hazardous substance" or "toxic pollutant" under the FWPCA and any and all toxic or hazardous materials addressed by regulations promulgated now or hereafter under the above referenced laws, related or similar laws, whether the same be presently in existence or hereafter promulgated.

(d) "Manage" means to generate, manufacture, process, treat, store, use, misuse, refine, recycle, reclaim, blend or burn for energy recovery, incinerate, accumulate speculatively, transport, transfer, dispose of or abandon Hazardous Materials.

(e) "Release" or "Released" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of Hazardous Materials into the environment, as "environment" is defined in CERCLA.

(f) "Response" or "Respond" shall mean action taken in compliance with Environmental Laws to correct, remove, remediate, clean-up, prevent, mitigate, monitor, evaluate, investigate, assess or abate the Release of a Hazardous Material.

Section 27.2. Tenant's Obligations with Respect to Environmental Matters. During the Term (i) Tenant shall at its own cost conduct its activities in, on, and about the Premises in compliance with all Environmental Laws and, to the extent required thereby, obtain all appropriate permits; (ii) Tenant shall not conduct, allow, permit or authorize the Management of any Hazardous Materials on the Premises, including installation of any underground storage tanks, without prior written disclosure to and approval by Landlord, such approval to be given or withheld in Landlord's sole and unfettered discretion; (iii) Tenant shall not take any action that would subject the Premises to permit requirements under RCRA or any other Environmental Laws for storage, treatment or disposal of Hazardous Materials; (iv) Tenant shall not dispose of Hazardous Materials in dumpsters provided by Landlord for Tenant use; (v) Tenant shall not discharge Hazardous Materials on or about the Premises, including, but not limited to, into drains or sewers; (vi) Tenant shall not cause, permit or allow the Release of any Hazardous Materials on, to or from the Premises, and (vii) Tenant shall at its own cost arrange for the lawful transportation and offsite disposal of all Hazardous Materials that it generates or which, are present on the Premises as a result of the activities of Tenant, its subtenants, agents, employees, contractors or invitees during the Term of the Lease. Notwithstanding the foregoing, Tenant may use on the Premises those Hazardous Materials normally

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used in connection with the Permitted Use so long as Tenant's use, storage and transportation thereof complies in all respects with all applicable Environmental Laws. Notwithstanding the foregoing, Tenant shall not be responsible for any pre-existing Hazardous Materials at the Premises as more particularly discussed in Section 8.4 hereof.

Section 27.3. Copies of Notices. During the Term, each party hereto shall promptly provide the other with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, Claims, complaints, investigations, judgments, letters, notices of environmental liens or Response actions in progress and other communications, written or oral, actual or threatened, from the United States Environmental Protection Agency, Occupational Safety and Health Administration, Texas National Resources Conservation Commission or other federal, state or local agency or authority, or any other entity or individual, concerning (i) any Release of a Hazardous Material on, to or from the Premises, (ii) the imposition of any lien on the Premises, or (iii) any alleged violation of or responsibility under Environmental Laws. Landlord, the holders of any Mortgages (if accompanied by Landlord) and their respective employees shall have the right to enter the Premises and conduct appropriate inspections or tests in order to determine Tenant's compliance with Environmental Laws or if Landlord or the holder of any Mortgage has reason to believe that the Premises are not free of Hazardous Materials (other than Hazardous Materials being used by Tenant in the ordinary course of its business in compliance with the requirements of this Lease). Landlord agrees to use reasonable efforts to perform such inspections and tests in a manner so as to minimize disruption of the operations of Tenant conducted on the Premises.

Section 27.4. Tests and Reports. Upon written request by Landlord, Tenant shall provide Landlord with the results of appropriate reports and tests, with transportation and disposal contracts for Hazardous Materials, with any permits issued under Environmental Laws, and with any other applicable documents to demonstrate that Tenant has complied with all Environmental Laws relating to the Premises. Prior to the execution of this Lease, Landlord has provided copies of all such items and documents described in the prior sentence which are in Landlord's possession that relate to the Premises. Landlord represents and warrants to Tenant that, as of the date of this Lease, to Landlord's knowledge, without inquiry (a) there are no Hazardous Materials (nor Releases thereof) at the Premises as of the Commencement Date except as disclosed in writing to Tenant, and (b) there are no Claims relating to Hazardous Materials at the Premises from any third party or governmental authority.

Section 27.5. Access and Inspection. In addition to any other rights of entry or access to the Premises pursuant to this Lease and applicable laws, Landlord, the holders of any Mortgages (if accompanied by Landlord) and their respective agents and representatives shall have access to the Premises and to the books and records of Tenant (and any occupant of the Premises claiming by, through or Tenant) relating to Hazardous Materials upon seven (7) days prior written notice to Tenant, which notice sets forth the applicable purpose for such access as described below, or without notice in the event of an emergency, for the purpose of ascertaining the nature of the activities being conducted thereon and to determine the type, kind and quantity of all products, materials and substances brought onto the Premises or made or produced thereon, provided, however, all such parties (other than holders of Mortgages) shall execute and deliver to Tenant a Confidentiality Undertaking as a condition to such access (except that such Confidentiality Undertaking may be delivered as soon as reasonably practicable thereafter in the event of an emergency). Landlord, the holders of any Mortgages (if accompanied by Landlord) and their respective agents and

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representatives shall have the right to take samples in quantity sufficient for scientific analysis of all products, materials and substances present on the Premises, including, but not limited to, samples of products, materials or substances brought onto or made or produced on the Premises by Tenant or an occupant claiming by, through or under Tenant or otherwise present on the Premises. Further, notwithstanding any provision of this Lease or applicable statutes or judicial decisions to the contrary, with respect to any assignment, subletting, grant of license or concession or any other permission to use the Premises by any person other than Tenant, Landlord shall have the right to withhold Landlord's consent thereto if, in Landlord's sole and unfettered judgment, the assignee, subtenant, licensee, concessionaire or such other person is not capable, either financially or operationally, of performing or is not sufficiently qualified to perform in accordance with the requirements of this Article 27. Any assignment, sublease, license or other permission to use the Premises from which Landlord withholds its consent as provided in this Section 27.5 shall be void and of no further force and effect.

Section 27.6. Obligation to Respond. If Tenant's Management of Hazardous Materials at the Premises, the occurrence of any Release thereon-or on any adjacent or contiguous property or the existence or presence of any Hazardous Material, (i) gives rise to liability or to a Claim under any Environmental Law, (ii) causes a significant public health effect or threat, or (iii) creates a nuisance, Tenant shall promptly, but in no event later then five (5) days thereafter, or after its knowledge of same in the event of a Release on adjacent or contiguous property notify Landlord and take all applicable action in Response. In the event that Tenant has assigned this Lease or subleased any portion of the Premises other than to an Affiliate in accordance with Section 14.1 and Landlord determines that the nature of the liability or Claim is such that Landlord does not want the Response to be undertaken by Tenant's assignee or sublessee, as applicable, Landlord shall have the right and option (but in no event shall this right and option imply or create any obligation on the part of Landlord) upon the giving of reasonable notice to Tenant's assignee or sublessee, as applicable, to undertake the Response, and any costs or expenses incurred by Landlord in pursuing such Response shall be paid by Tenant or such assignee or sublessee.

Section 27.7. Indemnification. Tenant shall indemnify, defend (with counsel satisfactory to Landlord) and hold harmless Landlord, its lenders, any managing agents and leasing agents of the Premises, and their respective agents, partners, officers, contractors, directors, shareholders, members and employees, from all Claims arising from or attributable to: (i) the Release of any Hazardous Materials on the Premises during or after the Term (including any holdover periods) of, or otherwise arising out of Tenant's or its agents', contractors', employees' or invitees' use of the Premises pursuant to this Lease or the presence, whether or not due to Tenant's Management, of Hazardous Materials in or on the Premises or the subsurface thereof or the violation of any Environmental Laws by Tenant, its agents, contractors, employees or invitees, whether or not due to Tenant's Management (including, without limiting the generality thereof, any cost, claim, liability or defense expended in remediation required by a governmental authority); (ii) any federal, state or local governmental investigation or inquiry relating to Tenant's use or occupancy of the Premises, or occurring during the Term, whether the same be justified or caused by Tenant or its actions; or (iii) any breach by Tenant of any of its warranties, representations or covenants in this Section or, to the extent the same relate to or impact any Environmental Laws, any other Section of this Lease. Tenant's obligations hereunder shall survive the termination or expiration of this Lease and shall further survive any transfer of all or any portion of the Premises, whether by Landlord or Tenant. The foregoing notwithstanding, Tenant shall have no liability pursuant to the foregoing indemnity for any environmental condition or related inquiry that arises out of actual physical events (including

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any Management or Release) occurring prior to the Term of this Lease or arising after the termination of this Lease and to which Tenant, its agents, employees and contractors have not contributed or that arises solely as a result of the actions of Landlord or its agents. This Section 27.7 shall be binding upon the successors and assigns of Tenant and shall survive the expiration or earlier termination of this Lease. The provisions of Article 15 of this Lease shall not be construed to limit or circumscribe the obligations of the parties pursuant to this Section 27.7.

ARTICLE 28

TITLE AND COVENANT AGAINST LIENS

Landlord's title is and always shall be paramount to the title of Tenant, and nothing in this Lease contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen to be placed upon or against the Premises or Tenant's leasehold interest in the Premises. Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Premises, and any and all liens and encumbrances created by Tenant shall attach only to Tenant's interest in the Premises. If any such liens so attach and Tenant fails to bond over to Landlord's satisfaction or pay and remove same within ten (10) days, then Landlord, at its election with prior notice to Tenant, may pay and satisfy the same, and in such event the sums so paid by Landlord shall accrue with interest from the date of payment at the rate set forth in Section 29.8 hereof for amounts owed Landlord by Tenant. Such sums shall be deemed to be Additional Rent.

ARTICLE 29

MISCELLANEOUS

Section 29.1. Successors and Assigns. Subject to the provisions of Article 14, each provision of this Lease shall extend to and shall bind and inure to the benefit not only of Landlord and Tenant, but also their respective heirs, legal representatives, successors and assigns, but this provision shall not operate to permit any transfer, assignment, mortgage, encumbrance, lien, charge or subletting contrary to the provisions of this Lease, and Landlord agrees not to sell or transfer the Premises or to allow the sale or transfer of the ownership interest of Temple-Inland Forest Products Corporation in Landlord to any entity not affiliated with Tenant which engages in the manufacture of fiber-cement products, provided, however, that, except as set forth above, such restriction shall not apply to any sale of substantially all of the assets of Landlord or to any sales or encumbrances of ownership interests in Landlord.

Section 29.2. Modifications in Writing. No modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding unless in writing signed by Landlord and Tenant.

Section 29.3. No Option; Irrevocable Offer. Submission of this instrument for examination shall not constitute a reservation of or option for the Premises or in any manner bind Landlord, and no lease or obligation of Landlord shall arise until this instrument is signed and delivered by Landlord and Tenant; provided, however, the execution and delivery of this Lease to Landlord or its

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agent by Tenant shall constitute an irrevocable offer by Tenant to lease the Premises on the terms and conditions herein contained, which offer may not be revoked for thirty (30) days after such delivery.

Section 29.4. Definition of Tenant. The word "Tenant" whenever used herein shall be construed to mean Tenants or any one or more of them in all cases where there is more than one Tenant; and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other organizations, partnerships or other entities, or individuals, shall in all cases be assumed as though in each case fully expressed herein. In all cases where there is more than one Tenant, the liability of each shall be joint and several.

Section 29.5. Definition of Landlord. The term "Landlord" as used in this Lease means only the owner or owners at the time being of the Premises so that in the event of any assignment, conveyance or sale, once or successively, of said Premises, or any assignment of this Lease by Landlord, said Landlord making such sale, conveyance or assignment shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder accruing after such sale, conveyance or assignment, and Tenant agrees to look solely to such purchaser, grantee or assignee with respect thereto. This Lease shall not be affected by any such assignment, conveyance or sale, and Tenant agrees to attorn to the purchaser, grantee or assignee.

Section 29.6. Headings. The headings of Articles and Sections are for convenience only and do not limit, expand or construe the contents of the Sections.

Section 29.7. Time of Essence. Time is of the essence of this Lease and of all provisions hereof.

Section 29.8. Default Rate of Interest. All amounts (including, without limitation, Base Rent, Additional Rent, and any damages, costs, expenses, penalties, fines, indemnity claims and related or similar amounts due under this Lease, including, but not limited to, those amounts under Article 18 hereof, whether the same be stipulated or otherwise) owed by Tenant to Landlord pursuant to any provision of this Lease shall bear interest from that date which is thirty (30) days after the date due under this Lease until paid at the annual rate of four percent (4%) in excess of the rate of interest announced from time to time by Guaranty Federal Bank, F.S.B., or its successor bank, as its prime, reference or corporate base rate, changing as and when said prime rate changes, unless a lesser rate shall then be the maximum rate permissible by law with respect thereto in which event said lesser rate shall be charged. Any such interest shall be in addition to any late charges incurred by Tenant under Section 3.3 hereof.

Section 29.9. Severability. The invalidity of any provision of this Lease shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Lease.

Section 29.10. Entire Agreement. All understandings and agreements, oral or written, heretofore made between the parties hereto are merged in this Lease, which alone fully and completely expresses the agreement between Landlord (and its agents) and Tenant.

Section 29.11. Force Majeure. If Landlord fails to perform any of its obligations hereunder, and such failure is due in whole or in part to any strike, lockout, labor trouble, civil disorder, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, fuel shortages,

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accidents, casualties, acts of God, acts caused directly or indirectly by Tenant (or its agents, employees, contractors, licensees or invitees) or any other cause beyond the reasonable control of Landlord, then Landlord shall not be deemed in default under this Lease as a result of such failure and the time for performance by Landlord provided for herein shall be extended by the period of delay resulting from such cause.

Section 29.12. Survival. All obligations, monetary or otherwise, accruing prior to expiration of the Term shall survive the expiration or earlier termination of this Lease.

Section 29.13. Relationship of Parties. This Lease does not create the relationship of principal and agent, or of partnership, joint venture or of any association or relationship between Landlord and Tenant, the sole relationship between Landlord and Tenant being that of landlord and tenant.

Section 29.14. Surrender. No surrender to Landlord of this Lease or of the Premises, or any portion thereof, or any interest therein, prior to the expiration of the Term shall be valid or effective unless agreed to and accepted in writing by Landlord and consented to in writing by all ground lessors and the holders of all Mortgages, and no act or omission by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord consented to by all such ground lessors and/or mortgagees, as aforesaid, shall constitute an acceptance of any such surrender.

Section 29.15. No Merger. There shall be no merger of this Lease or the leasehold estate created by this Lease with any other estate or interest in the Premises by reason of the fact that the same person, firm, corporation or other entity may acquire, hold or own directly or indirectly, this Lease or the leasehold interest created by this Lease or any interest therein and any such other estate or interest in the Premises or any portion thereof. No such merger shall occur unless and until all persons, firms, corporations or other entities having an interest (including a security interest) in this Lease or the leasehold estate created hereby and any such other estate or interest in the Premises or any portion thereof shall join in a written instrument expressly effecting such merger and shall duly record the same.

Section 29.16. Governing Law. This Lease shall be governed in all respects by the laws of the State of Texas. Should either party institute legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue of such suit or action shall be, at Landlord's option, in Dallas County, Texas. Tenant expressly consents to Landlord's designation of the venue of any such suit or action. Although the provisions of this Lease were initially drawn by the Landlord, this Lease shall not be construed either for or against Landlord or Tenant, but this Lease shall be interpreted in accordance with the general terms of the language in an effort to reach an equitable result.

Section 29.17. Quiet Possession. Upon Tenant paying the Rent for the Premises and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. In connection therewith, Landlord warrants and represents to Tenant that, as of the date of this Lease (a) Landlord has good and indefeasible title to the Premises, subject to liens for ad valorem taxes not yet due and payable, easements, and other matters which do not materially interfere with use of the Premises as it is used on the date of this Lease; and (b) to Landlord's knowledge, without inquiry, no litigation has been initiated or threatened against the Landlord or the Premises which would impair the Landlord's performance of this Lease.

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Section 29.18. Landlord's Lien Waiver. Landlord hereby expressly waives and disclaims any statutory, constitutional or contractual lien benefitting Landlord for rent, damages and costs pursuant to Texas statutes or otherwise.

Section 29.19. Intent - Triple Net Lease. Except as otherwise expressly set forth herein, this Lease shall be deemed to be construed as a triple net lease and any and all expenses and obligations in connection with the Premises and the operation thereof will be the obligation of Tenant.

Section 29.20. Usury. Notwithstanding any provision contained herein to the contrary, if any interest rate specified in this Lease is higher than the rate then permitted by law, such interest rate specified herein shall automatically be adjusted from time to time to the maximum rate permitted by law.

Section 29.21. Financial Statements. Any successor or assign of Tenant shall promptly furnish Landlord when available, annual financial statements (which are prepared and audited consistent with the policies and procedures of such successor or assign reflecting its current financial condition).

Section 29.22. Consents and Approvals. Whenever Tenant requests Landlord to take any action or give any consent or approval, Tenant shall reimburse Landlord for all of Landlord's reasonable costs incurred in reviewing the proposed action or consent (whether or not Landlord consents to any such proposed action), including, without limitation, reasonable attorneys' or consultants' fees and expenses, within thirty (30) days after Landlord's delivery to Tenant of a statement of such costs. If it is determined that Landlord failed to give its consent or approval where it was required to do so under this Lease, Tenant's sole remedy will be an order of specific performance or mandatory injunction of Landlord's agreement to give its consent or approval. The review and/or approval by Landlord of any item shall not impose upon Landlord any liability for accuracy or sufficiency of any such item or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Premises, and neither Tenant nor any person or entity claiming by, through or under Tenant, nor any other third party shall have any rights hereunder by virtue of such review and/or approval by Landlord.

Section 29.23. Option to Purchase. Landlord hereby grants Tenant an option to purchase the Premises, or so much thereof as may remain after any partial condemnation (in which case such purchase price will be proportionally adjusted if more than five percent (5%) of the land comprising the Premises was taken, except to the extent the proceeds thereof were distributed to Tenant in accordance with Article 17), and all fixtures and personal property therein on an "AS-IS" basis as of the Expiration Date for Eight Million and 00/100 Dollars ($8,000,000) and otherwise on the terms and conditions set forth herein, provided that Landlord has not terminated this Lease or Tenant's right of possession of the Premises under Article 18 and there exist no Events of Default or events which, with the lapse of time, the giving of notice, or both, would constitute an Event of Default at the time of Tenant's exercise of the option herein granted or as of the Expiration Date. In the event Tenant desires to exercise the option herein granted, it shall furnish Landlord written notice of its intent to do at least six (6) and not more than twelve (12) months prior to the Expiration Date. Upon delivering such notice, Tenant agrees that it shall be bound and obligated to purchase the Premises as set forth herein. Tenant agrees and acknowledges that Landlord shall be obligated to deliver only a special warranty deed conveying good and indefeasible fee simple title to the Purchaser, subject to all covenants, conditions and restrictions of record, and free of any liens claimed by, through or

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under Landlord. Tenant and Landlord shall each pay one half of all escrow fees and recording costs. Landlord shall pay all title insurance premiums and reasonable costs for a survey prepared by a surveyor acceptable to Landlord and Tenant. Tenant shall pay all other costs and expenses of consummating its purchase of the Premises including, without limitation, any transfer taxes. Tenant acknowledges that the option granted herein is personal to Tenant and may not be assigned without the written consent of Landlord in its sole and absolute discretion (except to an Affiliate of Tenant under Section 14.1).

Section 29.24. Right of First Refusal. In the event Landlord or any successor or assign is prepared to make a written proposal to or accept a proposal from a third party to purchase the Premises during the Term, Landlord, for itself and on behalf of such successors and assigns, hereby grants to Tenant and to its successors and permitted assigns the continuing right to purchase the Premises on the same terms and conditions contained in said proposal. Landlord shall deliver the proposal to Tenant and Tenant shall have ten (10) business days from the date of delivery of the proposal to exercise its right to purchase the Premises on the terms and conditions set forth in the proposal by delivering to Landlord a copy of the proposal which has been signed by Tenant. In the event Tenant does not timely exercise its right to purchase the Premises within said ten (10) business day period and Landlord fails to consummate the sale thereof to the third party in accordance with such third party proposal, Tenant's right of first refusal hereunder shall apply to subsequent proposals. Tenant's failure to exercise such right within such ten (10) day period shall entitle Landlord to sell the Premises only in accordance with such third party proposal, free and clear of Tenant's rights under this Section 29.24.

ARTICLE 30

DEFINITIONS

The following terms have the meanings ascribed to them in the Sections set forth below:

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ADA	Section 8.4
Additional Rent	Section 3.1(b)
Affiliate	Section 14.1
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Bonds	Article 1
CAA	Section 27.1(b)
Calculation Date	Section 18.5
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Guarantor	Section 5.1
Hazardous Materials	Section 27.1(c)
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Impositions	Section 4.2
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Landlord Guaranty	Section 5.2
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Tenant Guaranty	Section 5.1
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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the date first written.

LANDLORD:

FORTRA FIBER-CEMENT L.L.C., a Delaware limited liability company

By: /s/ Harold C. Maxwell

Harold C. Maxwell, President

TENANT:

JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation

By: /s/ Louis Gries

Louis Gries, President

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EXHIBIT "A"

Property Description

BEING all that certain lot, tract or parcel of land lying in the A.W. BROWN SURVEY, A-102; A.S. PRUETT SURVEY, A-848; J. SHAVER SURVEY, A-1000; and in the J. STARRETT SURVEY, A-1024, in City of Waxahachie, Ellis County, Texas, and being a part of a called 94.448 acre tract of land as conveyed to TX-WYO, INC., by deed and recorded in Volume 809, Page 998, Deed Records, Ellis County, Texas, (DRECT), and being more particularly described as follows:

BEGINNING at a railroad spike found in the east line of the M.K. & T. Railroad for the most westerly northwest corner of this tract and same for the aforesaid tract and also being the most southwesterly southwest corner of a called THIRD TRACT (43.19 acres) of land as described by deed and recorded in Volume 619, Page 170, DRECT;

THENCE S 89"40'51" E, 360.70 feet (Deed - S 89"34'30" E, Same Distance) along the upper north line of this tract and same for the aforesaid tract and along the lower south line of the called 43.19 acre tract to a 1/2" steel rod found for the westerly northeast corner of this tract and same for the aforesaid tract and being the westerly southeast corner of the called 43.19 acre tract and also lies in the west line of Block B of the North Waxahachie Industrial Park addition to the City of Waxahachie according to the plat thereof recorded in Cabinet B. Slides 160-162, Plat Records, Ellis County, Texas, (PRECT);

THENCE S 00"43'28" W, (Deed - S 01"01'30" W, 327.11') along the upper east line of this tract and same for the aforesaid tract and along the west line of the aforesaid Block B at approximately 84 feet pass the southwest corner of said Block B and northwest corner of Block A, in all, 327.04 feet to a 5/8" steel rod found for the interior northwest corner of this tract and same for the aforesaid tract and being the southwest corner of the said Block A;

THENCE S 89"58'15" E, 1708.79 feet along the lower north line of this tract and same for the aforesaid tract and along the south line of Block A of said addition to a 1/2" steel rod found for the northeast corner of this tract and being in the south line of said addition and also being the northwest corner of a called 0.57 acre tract of land as described by deed and recorded In Volume 609, Page 616, DRECT;

THENCE S 14"47'39" W, along the east line of this tract and same for the aforesaid tract at approximately 72.5 feet pass the southwest corner of the called 0.57 acre tract and the northwest corner of a called 0.57 acre tract of land conveyed to Ralph A. Holder by deed and recorded in Volume 673. Page 086, DRECT, at approximately 175.7 feet pass the northwest corner of the Holder 0.57 acre tract and the northwest corner of a called 0.57 acre tract of land conveyed to David W. Flanagan by deed and recorded in Volume 570, Page 632, Deed of Trust Records, Ellis County, Texas, all, 279.01 feet (Deed - S 15"03'20" W, 279.09 feet) to a 1/2" steel rod found for an east corner of this tract and same for the aforesaid tract and being the southwest corner of the said Flanagan 0.57 acre tract;

<PAGE>

THENCE S 74"29'50" E, 06.53 feet (Deed - S 74"11'00" E, Same Distance) along an east line of the aforesaid tract and same for this tract and along the south line of the called Flanagan 0.57 acre tract to a 1/2" steel rod set for an east corner of this tract and same for the aforesaid tract and being the northwest corner of a called 0.50 acre tract of land as described by deed and recorded in Volume 570, Page 832, DRECT;

THENCE S 15"01'49" W, 124.36 feet (Deed - S 15"20'00" W, Same Distance) along the west line of the called 0.50 acre tract and the east line of this tract to a 1/2" steel rod found for an easterly corner of this tract and same for the aforesaid tract and being the southwest corner of the called 0.50 acre tract;

THENCE S 75"19'02" E, 173.36 feet (Deed - S 74"58'00" E, 173.45 feet) along an easterly north line of this tract and same for the aforesaid tract and along the south line of the called 0.50 acre tract to a 1/2" steel pipe found in the current west line of U.S. Highway 77 for the lower northeast corner of this tract and easterly corner of the aforesaid tract and being the southeast corner of the called 0.50 acre tract;

THENCE S 14"57'45" W, 360.35 feet (Deed - S 15"14'00" W) (NOTE: Bearings for this description from Texas Co-ordinate System, North Central Zone, NAD 27, and provided by the Texas Department of Transportation, Waxahachie Office) along the east line of this tract and same for the aforesaid tract to a 1/2" steel rod set for the southeast corner of this tract;

THENCE N 89"58'15" W, 2444.82 feet through the aforesaid 94.448 parent tract of land to a 1/2" steel rod set in the west line of the aforesaid parent tract and cast line of the said M.K. & T. Railroad for the southwest corner of this tract;

THENCE N 16"57'48" E, 1180.01 feet (Deed - N 17"15'20" E) along the west line of the aforesaid tract and same for this tract and along the east line of the said M.K. & T. Railroad to the POINT OF BEGINNING and containing approximately 45.490 acres of land.

SAVE AND EXCEPT:

BEING 0.07824 hectares [0.1933 acres] of land, more or less, situated in the Albert S. Pruitt Survey, Abstract Number 848, City of Waxahachie, Ellis County, Texas, and being situated in a portion of a called 45.490 acre tract of land described in instrument to Temple/Re-Con Inc., as recorded in Volume 1315, Page 96, of the Deed Records of Ellis-County, Texas (DRECT), said 0.07824 hectares [0.1933 acres] of land being more particularly described by metes and bounds as follows:

COMMENCING for reference at a found 1/2-inch iron rod in an easterly line of said 45.490 acre tract, same being the southwest corner of a called 0.499 acre tract of land described in instrument to Fred Marvin Graham, and wife, Mary Louise Graham, as recorded in Volume 570, Page 832, DRECT;

<PAGE>

THENCE S 75(degrees)13’42" E, along a north line of said 45.490 acre tract and the south line of said 0.499 acre tract, a distance of 52.742 meters [173.04 feet] to the southeast corner of said 0.499 acre tract and being in the existing western right of way line of U.S. Highway 77, from which a found 1/2-inch iron pipe bears S 75(degrees)13’42" E, a distance of 0.100 meters [0.33 feet];

THENCE S 14(degrees)55’27" W, along the eastern line of said 45.490 acre tract and along the existing western right of way line of U.S. Highway 77, a distance of 15.578 meters [51.11 feet] to a 5/8-inch iron rod with an aluminum disk marked Texas Department of Transportation (TxDOT) set in the new western right of way line of U.S. Highway 77 for the POINT OF BEGINNING;

(1) THENCE S 14(degrees)55’27" W, along the existing western right of way line of U.S. Highway 77, a distance of 94.300 meters [309.38 feet] to a 1/2-inch iron rod found for the southeast corner of said 45.490 acre tract, same being the remainder north line of a called 94.448 acre tract of land described in instrument to TX-WYO, Inc. as recorded in Volume 809, Page 998, DRECT;

(2) THENCE N 89(degrees)58’08" W, along the south line of said 45.490 acre tract, a distance of 17.202 meters [56.44 feet] to a 5/8-inch iron rod with an aluminum disk marked TxDOT set in the new western right of way line of U.S. Highway 77;

(3) THENCE N 23(degrees)50’19" E, along the new western right of way line of U.S. Highway 77, a distance of 12.235 meters [40.14 feet] to a set 5/8-inch iron rod with an aluminum disk marked TxDOT;

(4) THENCE N 24(degrees)43’38" E, along the new western right of way line of U.S. Highway 77, a distance of 69.969 meters [229.56 feet] to a set 5/8-inch iron rod with an aluminum disk marked TxDOT;

(5) THENCE N 23(degrees)57’59" E, along the new western right of way line of U.S. Highway 77, a distance of 17.909 meters [58.76 feet] to the POINT OF BEGINNING, and containing 0.07824 hectares [0.1933 acres] of land area, more or less, within these metes and bounds.

<PAGE>

EXHIBIT B

SCHEDULE OF PERSONAL PROPERTY

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

MCC Room

0321	Cabinet
0322	Cabinet
0323	Cabinet
0324	Desk

Storeroom

0325	Chair
0326	Cabinet
0327	Cabinet
0328	Cabinet

Production

0329	Cabinet
0330	Stool
0331	Stool
0332	Upright Cabinet
0333	Desk
0334	Upriqht Cabinet
0335	Shelf
0336	Shelf
0337	Shelf
0338	Shelf
0339	Shelf
0340	Shelf
0341	Shelf

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing
QA Lab

0342	Shelf	
0343	Shelf	
0344	Shelf	MCC Room
0345	Stool	
0346	File Cabinet	
0347	Desk	
0348	Bookshelf	
0349	Desk	
0350	Stool	
0351	Computer Desk	
0352	Chair	
0353	Shelf	
0354	Shelf	
0355	Work Table	
0356	Table	
0357	Chair	
0358	Stool	
0359	Stool	
0360	Table	
0361	Table	
0362	Table	
0363	Table	
0364	Table	

Production Conference Room

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0365	Upright Cabinet
0366	Upright Cabinet
0367	Desk
0368	File Cabinet
0369	File Cabinet
0370	File Cabinet
0371	File Cabinet
0372	File Cabinet
0373	Table Conference Room
0374	Chair
0375	Chair
0376	Chair
0377	Chair
0378	Chair
0379	Chair
0380	Chair
0381	Chair
0382	Chair
0383	Chair
0384	Chair
0385	Chair
0386	Chair
0387	Chair

Production Office & Conference Room

0388	Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0389	Chair
0390	Chair
0391	Chair
0392	Chair
0393	Chair
0394	Chair
0395	Chair
0396	Chair
0397	TV Stand
0398	File Cabinet
0399	File Cabinet
0400	Bookshelf
0401	Table
0402	Desk
0403	Desk
0404	Desk
0405	Stool
0406	Chair
0407	Chair
0408	Chair
0409	Chair
0410	Chair

Production Office

0411	Cabinet
0412	Telephone Stand

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0413 BookShelf

0414 BookShelf

0415 Chair Desk

0416 Chair Desk

0417 Chair

0418 Chair

0419 Chair

0420 Chair

0421 Desk

0422 BookShelf

0423 File Cabinet

0424 File Cabinet

0425 File Cabinet

0426 File Cabinet

0427 File Cabinet

0428 File Cabinet

0429 BookShelf

0430 BookShelf

0431 Chair

0432 Desk

0433 File Cabinet

0434 Chair

0435 File Cabinet

0436 Chair

0437 Desk

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0438	BookShelf
0439	Chair
0440	Bookshelf
0441	Refrigerator
0442	File Cabinet
0443	File Cabinet
0444	Computer Table
0445	Chair
0446	Chair
0447	File Cabinet
0448	BookShelf
0449	Desk
0450	Chair
0451	Desk
0452	BookShelf
0453	BookShelf
0454	Table
0455	Chair
0456	Chair

Maintenance Office

0457	Chair
0458	Desk
0459	File Cabinet
0460	Desk
0461	Chair
0462	Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0463 Chair

0464 Chair

0465 BookShelf

0466 BookShelf

0467 BookShelf

0468 File Cabinet

0469 Desk

0470 File Cabinet

0471 Chair

0472 Desk

0473 Chair

0474 Chair

0475 Shelf

0476 Shelf

0477 File Cabinet

0478 File Cabinet

0479 File Cabinet

0480 Maintenance File Cabinet

0481 Chair

0482 Desk

0483 File Cabinet

0484 Desk (2 Piece)

0485 BookShelf

0486 Small Cabinet

0487 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0488 Table

0489 Table

0490 Chair

0491 Desk

0492 Upright Cabinet

0493 Upright Cabinet

0494 Desk

0495 File Cabinet

0496 Chair

0497 Desk

0498 Desk

0499 Maintenance Office Chair

0500 _____

0501 _____

0502 _____

0503 _____

0504 _____

0505 _____

0506 _____

0507 _____

0508 _____

0509 _____

0510 _____

0511 _____

0512 _____

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Fortra Fiber-Cement LLC

Office Equipment Listing

0712		
0713		
0714		
0715		
0716		
0717		
0718		
0719		
0720		
0721		
0722		
0723		
0724		
0725		
0726		
0727		
0728		
0729		
0730		
0731		
0732	Desk	
0733	Chair	
0734	Desk	
0735	File Cabinet	
0736	Book Case	

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0737 File Cabinet

0738 Chair

0739 Chair

0740 Chair

0741 Book Case

0742 Book Case

0743 Chair

0744 Chair

0745 Table

0746 Plant Stand

0747 Chair

0748 File Cabinet

0749 File Cabinet

0750 File Cabinet

0751 Chair

0752 Chair

0753 _____

0754 _____

0755 _____

0756 _____

0757 _____

0758 _____

0759 _____

0760 _____

0761 _____

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0762 _____

0763 _____

0764 _____

0765 _____

0766 _____

0767 _____

0768 _____

0769 _____

0770 _____

0771 _____

0772 File Cabinet

0773 File Cabinet

0774 Chair

0775 Desk

0776 Chair

0777 Stool

Destack

0778 Chair

0779 Desk

0780 File Cabinet

0781 Desk

Finishing Office

0782 File Cabinet

0783 File Cabinet

0784 Chair

0785 Desk

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0786 Table

0787 Label Stand

0788 Desk

0789 Chair

0790 Chair

0791 Computer Stand

0792 Desk

MCC Room

0793 Chair

0794 Desk

John White

0795 Desk

0796 Chair

0797 Credenza

0798 File Cabinet

0799 Book Case

0800 Chair

0801 Chair

Regina Office

0802 Desk (Wrap Around)

0803 Chair

0804 Desk

0805 File Cabinet

0806 Bookcase

0807 Chair

0808 Plant Stand

0809 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0810 Chair

0811 Table

0812 Chair

Ed Welch Office

0813 Desk

0814 Chair

0815 File Cabinet

0816 Chair

0817 Chair

0818 Chair

0819 Bookcase

0820 Chair

0821 Chair

0822 Table

0823 Chair

Del McLane’s Office

0824 Chair

0825 Desk

0826 Chair

0827 Desk

0828 File Cabinet

0829 Bookcase

0830 File Cabinet

0831 Chair

0832 Chair

0833 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0834 Bookcase

0835 Bookcase

0836 Chair

0837 Chair

0838 Table

Russell Hill’s Office

0839 Plant Stand

0840 Chair

0841 Desk

0842 File Cabinet

0843 File Cabinet

0844 File Cabinet

0845 Chair

0846 Chair

0847 Bookcase

0848 Bookcase

Front Office Conference Room

0849 Coffee Server Table

0850 Entertainment Center

0851 Conference Table

0852 Chair

0853 Chair

0854 Chair

0855 Chair

0856 Chair

0857 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0858 Chair

0859 Chair

0860 Chair

0861 Chair

0862 Chair

0863 Chair

0864 Chair

0865 Chair

Front Office Lobby

0866 Chair

0867 Chair

0868 Display Table(Server)

0869 Chair

0870 Chair

0871 Coffee Table

Reception Area Office

0872 Chair

0873 Desk

0874 File Cabinet

0875 File Cabinet

0876 File Cabinet

0877 Chair

0878 BookCase

0879 File Cabinet

0880 Chair

0881 Desk

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

Jeff Faganello Office

0882	Plant Stank
0883	Chair
0884	Chair
0885	File Cabinet
0886	Computer Desk
0887	Chair
0888	Desk
0889	Chair
0890	Chair
0891	Bookcase
0892	Coat Rack
0893	Chair
0894	Chair
0895	Table

Human Resource Office

0896	Chair
0897	Chair
0898	Credenza
0899	Bookcase
0900	File Cabinet
0901	File Cabinet
0902	File Cabinet
0903	Desk
0904	Chair
0905	Computer Center

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FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0906 Chair

0907 Chair

0908 Chair

0909 Chair

0910 Table

Office Supplies/copy room

0911 Labeling Stand

0912 Computer Stand

0913 Cabinet

0914 Cabinet

0915 Cabinet

0916 Cabinet

0917 File Cabinet

0918 File Cabinet

0919 Chair

0920 Rolling Table

0921 Table

0922 Table

David Seago’s Office

0923 Bookcase

0924 Chair

0925 Chair

0926 File Cabinet

0927 Desk

0928 Lamp

0929 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0930 Bookcase

0931 File Cabinet

0932 Table

0933 Chair

0934 Chair

0935 Chair

0936 Chair

Ron Tews Office

0937 BookShelf

0938 Table

0939 Chair

0940 Chair

0941 Chair

0942 Chair

0943 Chair

0944 Chair

0945 Chair

0946 Chair

0947 Coat Rack

0948 File Cabinet

0949 Chair

0950 Lamp

0951 End Table

0952 BookShelf

0953 Plant Stand

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0954 Lamp

0955 Lamp Stand

0956 Chair

0957 Desk

0958 Chair

0959 End Table

0960 Chair

Accounting Area

0961 File Cabinet

0962 File Cabinet

0963 File Cabinet

0964 File Cabinet

0965 Computer Cabinet

0966 Lamp

0967 File Cabinet

0968 Chair

0969 Desk

0970 Chair

0971 Chair

0972 BookCase

0973 Chair

0974 Desk

0975 Desk

0976 Chair

0977 File Cabinet

0978 Chair

<PAGE>

FORTRA FIBER-CEMENT, LLC

Office Equipment Listing

0979	Chair
0980	Desk
0981	Chair
0982	Table
0983	File Cabinet
0984	File Cabinet
0985	File Cabinet
0986	File Cabinet
0987	File Cabinet
0988	File Cabinet

Heath White’s Office

0989	BookShelf
0990	Chair
0991	End Table
0992	Chair
0993	Desk
0994	Dry Erase Cabinet
0995	File Cabinet
0996	File Cabinet
0997	Credenza
0998	Plant Stand
0999	Chair
1000	Desk

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MACHINERY & EQUIPMENT

SAND SLURRY SILO LEVEL CONTROL-LINE 1
SAND SLURRY DENSITY CONTROL-LINE 1
SAND SLURRY SILO AGITATOR "B"-LINE 1
SAND SLURRY SILO "B"LINE 1
SAND SLURRY PUMP-LINE 1
SAND SLURRY TANK (BAIL MILL OUTFEED)
SAND SLURRY PUMP (STANDBY)
SAND SLURRY HEADBOX
SAND SLURRY DENSITY CONTMILL O/F (WH # 2 QUOTE)
SAND SLURRY DENSITY CONT-MILL O/F (WH # 1 QUOTE)
SAND SLURRY PUMP (EXTRA)
SAND SLURRY PUMP
SAND MILL CHARGE
SAND SLURRY SCREEN (BAIL MILL OUTFEED)
SAND SLURRY SILO AGITATOR "A"-LINE 1
SAND MILL DRIVE
SAND MILL
SAND MILL CHARGE HOIST SYSTEM
SAND MILL FEEDER
SAND WEIGHING CON-VEYOR
SAND MILL CHARGING HOPPER
DISPERGING TANK PUMPLINE 2
WATER DOSING TANK-LINE 2
DISPERGING LEVEL CONTROL& VALVES-LINE 2
FIBER DISPERGING TNKLINE 2
FIBER FEED CONVEYOR "B"-LINE 2
FIBER FEED CONVEYOR "A"-LINE 2
FIBER SLURRY SILO "A"-LINE 2
FIBER SLURRY SILO "B"-LINE 2
TE FIBER SLURRY STORAGESILO PU
SAND SLURRY SILO "A"-LINE 2
FIBER SLURRY VALVES & LEVEL CONTROL-LINE 2
TE FIBER SLURRY SILO "A"-LIN
FIBER SLURRY STORAGESILOPUMP-LINE 2
FIBER SLURRY STORAGESILOAGITATOR "A"-LINE 2
TE FIBER SLURRY STORAGESILO AG
FIBER REFINER "B"-LINE 2
TE FIBER REFINER "B"-LINE 2
FIBER REFINER "A"-LINE 2
TE FIBER REFINER "A"-LINE 2
FIBER SLURRY PUMP "B"-LINE 2
FIBER SLURRY PUMP "A"-LINE 2
TE FIBER SLURRY PUMP "A"-LIN
TE FIBER SLURRY VALVES &LEVEL
SAND SLURRY SILO "A"LINE1
PRODUCTION TEST RUNS@ BGC
TE PRODUCTION TEST RUNS@BGC
BGC ON-SITE START-UPASSISTANCE
TE BGC ON-SITE START-UPASSISTA
BGC OPERATIONAL CON-SULTING FEES
TE BGC OPERATIONAL CON-SULTING
VENDOR ENGINEERING
TE VENDOR ENGINEERING
DISPERGING TANK PUMPLINE 1
WATER DOSING TANK LINE 1

<PAGE>

Description

DISPERGING LEVEL CTL& VALVES LINE 1

FIBER DISPERGING TNKLINE1

FIBER FEED CONVEYOR "B" LINE 1

FIBER FEED CONVEYOR "A" LINE 1

FIBER SLURRY SILO"A"LINE1

FIBER SLURRY SILO"B"LINE1

FIBER SILO PUMP (STANDBY)

TE FIBER SILO PUMP (STANDB

TE FIBER SLURRY STORAGESILO "B

FIBER SLURRY VALVES & LEVEL CONTROL-LINE 1

TE FIBER SLURRY VALVES & LEVEL

FIBER SLURRY STORAGESILOPUMP-LINE 1

TE FIBER SLURRY STORAGESILO PU

FIBER SLURRY STORAGESILOAGITATOR "B"-LINE 1

TE FIBER SLURRY STORAGESILO AG

FIBER SLURRY STORAGESILOAGITATOR "A"-LINE 1

TE FIBER SLURRY SILO"A" LINE 1

FIBER SLURRY STORAGESILO"B"-LINE 1

FIBER SLURRY STORAGESILO"A"-LINE 1

TE FIBER SLURRY STORAGESILO "A

FIBER REFINER "B" LINE1

TE FIBER REFINER "B" LINE 1

FIBER REFINER "A" LINE1

TE FIBER REFINER "A" LINE 1

FIBER SLURRY PUMP"B"LINE1

FIBER SLURRY PUMP"A"LINE1

TE FIBER SLURRY PUMP"A"LINE1

TE FIBER SLURRY STORAGESILO AG

TE FIBER CONSISTENCY METER 1

FIBER CONSISTENCY METER 1

CAP INTEREST-PROD EQUIP (15 YR) UOP

CAP INTEREST-PROD EQUIP (2 YR) UOP

FIBER FLOW METER, LINE2

FIBER FLOW METER, LINE1

ELECTRICAL INSTALL- ATION

TE ELECTRICAL INSTALL- ATION

MECHANICAL INSTALLA-TION

TE MECHANICAL INSTALLA-TION

RECUPERATOR TANK "B"LINE2

TE RECUPERATOR TANK "B"LINE 2

RECUPERATOR TANK "A"LINE2

TE RECUPERATOR TANK "A"LINE 2

CEMENT DOSING SCREW -LINE 2

TE RECUPERATOR TANK "A"-LIN

ADDTIVE DOSING SCREW"B"-LINE2

RECUPERATOR TANK "B"-LINE 1

RECUPERATOR TANK "A"-LINE 1

ADDTIVE DOSING SCREW"B"-LINE 1

ADDTIVE DOSING SCREW"A"-LINE 1

CEMENT DOSING SCREW LINE1

CEMENT SILO DISCHARGER-LINE 1

CEMENT SILO-LINE 1

TE RECUPERATOR TANK "B"-LIN

CEMENT SILO-LINE 2

SAND SLURRY SILO LEVEL CONTROL-LINE 2

SAND SLURRY DENSITY CONTROL-LINE 2

SAND SLURRY PUMP -LINE 2

SAND SLURRY SILO AGITATOR "A"-LINE 2

ADDTIVE DOSING SCREW"A"-LINE 2

ADDITIVE "A" SILO (ALUMINA TRIHYDRATE)

ADDITIVE "B" SCALES W/CONTAINER & DISCHARGE SCREW

ADDITIVE "B" SILO (CALCIUM BENTONITE)

<PAGE>

Description

ADDITIVE "A" SCALES W/CONTAINER & DISCHARGE SCREW

FIBER-CEMENT SLURRY PUMP"B"-LINE 2

FIBER-CEMENT SLURRY PUMP"A"-LINE 2

TURBOPULPER "B"- LINE2

TURBOPULPER "A"- LINE2

CEMENT BATCHER-LINE2

ADDITIVES BATCHER LINE2

FIBER SLURRY BATCHERLINE2

SAND SLURRY/WATER BATCHER-LINE 2

HOMIGINIZED CONTROL VALVENTROL

METERING PUMP "A" -LINE 2 (SCOPE ADDITION)

HOMOGENIZER PUMP- LINE2

MECHANICAL INSTALLA-TION

TE MECHANICAL INSTALLA-TION

CONTROL VALVES & LVLCONTROLS-LINE 2

TE CONTROL VALVES & LVLCONTROL

FLOCCULANT DOSING PUMP-LINE 2

TE FLOCCULANT DOSING PUMP-L1

FLOCCULANT TANK "B"-LINE2

TE FLOCCULANT TANK "B"-LINE 2

STOCK CHEST "A"-LINE2

TE FLOCCULANT TANK ‘A"-LINE 2

STOCK CHEST MIXR "A"-LINE 2

HOMOGENIZER-LINE 2

TE HOMOGENIZER-LINE 2

METERING PUMP "B" -LINE 2 (SCOPE ADDITION)

TE METERING PUMP "B" -LINE 2

STOCK CHEST MIXR "B"-LINE 2

TE STOCK CHEST MIXR "B"-LINE 2

STOCK CHEST "B"-LINE2

TE STOCK CHEST "B"-LINE2

FLOCCULANT TANK’A"-LINE2

TURBOPULPER "A"-LINE1

TE CONTROL SYS-LINE 2 (WH SUP

FIBER-CEMENT SLURRY PUMP "B" -LINE 1

TURBOPULPER "B"-LINE1

CEMENT BATCHER-LINE1

ADDITIVES BATCHER -LINE 1

FIBER SLURRY BATCHER-LINE 1

SAND SLURRY WATER BATCHER-LINE 1

STRUCTURAL STEEL

TE STRUCTURAL STEEL

EQUIPMENT FOUNDATION

TE EQUIPMENT FOUNDATION

FIBER-CEMENT SLURRY PUMP"A"-LINE 1

TE CONTROL SYS-LINE 1 (WH SUP

<PAGE>

Description

STRUCTURAL STEEL

TE STRUCTURAL STEEL

EQUIPMENT FOUNDATION

TE EQUIPMENT FOUNDATION

ELECTRICAL INSTALLA-TION

TE ELECTRICAL INSTALLA-TION

CONTROL SYS-LINE 2 (WH SUPPLIED)

CONTROL SYS-LINE 1 (WH SUPPLIED)

TE 480 VOLT MCC-LINE 1

STOCK PRESS CONTROL SYSTEUPPLIED)

480 VOLT MCC-LINE 1

ELECTRICAL INSTALLA-TION

TE ELECTRICAL INSTALLA-TION

TE SEAL WATER PUMP LINE 1

CONTROL SYS-LINE 1 (WH SUPPLIED)

TE CONTROL SYS-LINE 1 (WH SUP

480 VOLT MCC-LINE 1

TE 480 VOLT MCC-LINE 1

SEAL WATER PUMP LINE 1

FORMING ROLLER-12 FLATLINE 1

TE FORMING ROLLER-12 FLAT LI

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Description

CUTTING TOOL 9-1/2" LINE 1

TE CUTTING TOOL 9-1/2" LINE 1

CUTTING TOOL 7-1/2" LINE 1

TE CUTTING TOOL 7-1/2" LINE 1

TE 480 VOLT MCC-LINE 2

480 VOLT MCC-LINE 2

TE ELECTRICAL INSTALLA-TION

ELECTRICAL INSTALLA-TION

CONTROL SYS-LINE 2 (WH SUPPLIED)

TE CONTROL SYS-LINE 2 (WH SUP

480 VOLT MCC-LINE 2

TE 480 VOLT MCC-LINE 2

SEAL WATER PUMP LINE 2

TE SEAL WATER PUMP LINE 2

SHEET TAKE-OFF CONV "A"-LINE 2

FULL REJECT SHEET SHREDRLINE 2

TE FULL REJECT SHEET SHREDR LI

SHEETING MACHINE - LINE 2 (INCL 500M IN WH DISCOUNT)

TE SHEETING MACHINE SIEVE C

(VACUUM PUMP SYSTEM LINE 2 (WITH

TE SHEET TAKE-OFF CONV "A"-LIN

UNDERFLOW RETURN WATER PUMP-LINE 2

TE UNDERFLOW RETURN WATER PUMP

SIEVE WATER PUMP "B"-LINE 2 (STAND-BY)

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Description

TE SIEVE WATER PUMP "B"-LINE 2

SIEVE WATER PUMP "A"-LINE 2

TE SIEVE WATER PUMP "A"-LINE 2

OVERFLOW PUMP-LINE 2

TE SHEETING MACHINE - LINE 2

VACUUM PUMP SYSTEM LINE2TH BASE)

SHEET MACHINE VARIBLMAINDRIVE-LINE 2

TE SHEET MACHINE VARIBLMAIN DR

FORMING ROLLER-12' FLATLINE 2

TE FORMING ROLLER-12' FLAT LI

FORMING ROLLER-16' FLATLINE 2

TE FORMING ROLLER-16' FLAT LI

SHEETING MACHINE SIEVE CYLINDERS-LINE 2 (SPARES)

TE SHEETING MACHINE SIEVE C

SHEETING MACHINE SIEVE CYLINDERS-LINE 2

TE OVERFLOW PUMP-LINE 2

FORMING ROLLER-16' FLATLINE 1

TE FORMING ROLLER-16' FLAT LI

TE FULL REJECT SHEET CNVYR 2

STACKER LIFT TABLE HPU 2

TE STACKER LIFT TABLE HPU 2

TE CUTTING PRESS-LINE 2(INC 1,

TE TROLLEY PUSHER "A"- LINE 2

CUT-OFFS TANK W/MIXR-LINE 2

TE CUT-OFFS TANK W/MIXR-LINE 2

CUT-OFFS CONVERSION AT PRESS-LINE 2

TE CUT-OFFS CONVERSION AT PRES

LIFTING TABLE FIBER SHEETS-LINE 2

TE LIFTING TABLE FIBER SHEETS-

LIFTING TABLE MIXED PILE-LINE 2

HOMOGIZED CUT-OFFS PUMP-L

TROLLEY PUSHER "A"- LINE 2

TE MECHANICAL ERECTION

STACKER PLANT LINE 2

TE STACKER PLANT LINE 2

VACUUM SUCTION UNIT-LINE 2

TE VACUUM SUCTION UNIT-LINE 2

CUTTING TOOL 9-1/2" LINE 2

TE CUTTING TOOL 9-1/2" LINE 2

CUTTING TOOL 7-1/2" LINE 2

TE CUTTING TOOL 7-1/2 LINE 2

TE LIFTING TABLE MIXED PILE-LI

HOMOGIZED CUT-OFFS PUMP-L

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ADDITIONAL PRESS TROLLEYS

TE CUT-OFFS DENSITY CONTROL LI

MECHANICAL ERRECTION

TE MECHANICAL ERRECTION

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TE AIR PIPING (PROCESS & INSTR

EQUIPMENT FOUNDATION

TE EQUIPMENT FOUNDATION

WASH DOWN WTR PIPING

TE WASH DOWN WTR PIPING

PROCESS LIQUID & SLURRY PIPING

AIR PIPING (PROCESS & INSTRUMENTATION)

TE PROCESS LIQUID & SLURRY

PROCESS LIQUID & SLURRY PIPING

AIR PIPING (PROCESS & INSTRUMENTATION)

TE AIR PIPING (PROCESS & INSTR

TRANSFORMER-1500 KVAINCOMING/480 VOLT

SWITCHGEAR-460 VOLT

TE SWITCHGEAR-460 VOLT

SWITCHGEAR-460 VOLT

TE SWITCHGEAR-460 VOLT

SWITCHGEAR-460 VOLT

TE SWITCHGEAR-460 VOLT

SWITCHGEAR-4160 VOLT

TE SWITCHGEAR-4160 VOLT

TE TRANSFORMER-1500 KVAINCOMIN

TE TRANSFORMER-1500 KVAINCOMIN

TRANSFORMER-1500 KVAINCOMING/480 VOLT

TE TRANSFORMER-1500 KVAINCOMIN

TE MAIN INCOMING SWITCHGEAR

TRANSFORMER-1500 KVAINCOMING/480 VOLT

TE CAPACITORS

SAFETY SIGNS & EQUIPMENT

TE SAFETY SIGNS & EQUIPMENT

TE SWITCHGEAR-460 VOLT

SEWER LIFT STATIONS

TE SEWER LIFT STATIONS

PROCESS WATER PIPING

TE PROCESS WATER PIPING

FIRE PROTECT PIPING

TE AIR PIPING

TE WASH DOWN WTR PIPING

CAPACITORS

AIR PIPING

TE FIRE PROTECT PIPING

SWITCHGEAR-460 VOLT

GAS PIPING

WASH DOWN WTR PIPING

MILL WATER PIPING

HYDRAULIC PIPING

TE HYDRAULIC PIPING

WASH DOWN WATER PIPING

SWITCHGEAR-480 VOLT

TE SWITCHGEAR-480 VOLT

TE EQUIPMENT FOUNDATION

WASH DOWWN WATER PIPING

TE WASH DOWWN WATER PIPING

WASH DOWWN WATER PIPING

TE WASH DOWWN WATER PIPING

PROCESS LIQUID & SLURRY PIPING-FIBER SLURRY

TE PROCESS LIQUID & SLURRY PIP

AIR PIPING (PROCESS & INSTRUMENTATION)

EQUIPMENT FOUNDATION

TE AIR PIPING (PROCESS & INSTR

STRUCTURAL STEEL

HYDRAULIC PIPING

TE HYDRAULIC PIPING

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Description

DIRTY WATER SYS IMPROVE

SUPPLEMENT TO DIRTY WTRSYS IMPROVEMENT

TE AUTOCLAVES 1 DOOR 8' X 10

CONTROL SYSTEM LINE 1 (WH SUPPLIED)

TE CONTROL SYSTEM LINE 1(WH S

480 VOLT MCC

TE 480 VOLT MCC

TE CONTROL SYSTEM LINE 2(WH S

TE AUTOCLAVE CONTROL SYSTEM (L

AUTOCLAVE CONTROL SYSTEM(LINE # 1)

ELECTRICAL INSTALLATION

TE ELECTRICAL INSTALLATION

AUTOCLAVE CONTROL SYSTEM(LINE # 2)

TE AUTOCLAVE CONTROL SYSTEM (L

CONTROL SYSTEM LINE 2 (WH SUPPLIED)

CURING TUNNEL DOORS AND HARDWARE

STEAM BOILER PLANT - NATURAL GAS

TE STEAM BOILER PLANT - NATURA

TRANSFER CAR NO. 2

TE TRANSFER CAR NO. 2

TRANSFER CAR NO. 1

TE TRANSFER CAR NO. 1

TE TRANSPORT TROLLEYS

TE CURING TUNNEL DOORS AND HAR

CURING TUNNEL HEATING EQUIPMENT

TE CURING TUNNEL HEATINGEQUIP

TRANSPORT TROLLEYS

CONDENSATE COLLECTING SYSTEM

TE CONDENSATE COLLECTINGSYSTE

AUTOCLAVE DRAIN SYS

TE AUTOCLAVE DRAIN SYS

AUTOCLAVES 1 DOOR 8' X 105' @ 168PSI

EQUIPMENT FOUNDATION

RAIL TRACK SYSTEM

TE RAIL TRACK SYSTEM

CURING TUNNELS

TE CURING TUNNELS

TE EQUIPMENT FOUNDATION

CONDENSATE SUMP PUMP

CONDENSATE SUMP PUMP SPARE

CONDENSATE WASTE PUMP

AUTOCLAVE TROLLEYS-16'

VIBRATION ANALYSIS EQUIP

AUTOCLAVE PRESS TROLLEYS

TOOLS & UTENSILS AL-LOWANCE

TE TOOLS & UTENSILS AL-LOWANCE

TE SHOP EQUIPMENT AL- LOWANCE

CONDUIT BENDER

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AIR PIPING-PROC&INST

TE AIR PIPING-PROC&INST

EQUIPMENT FOUNDATION

TE STRUCTURAL STEEL

TE EQUIPMENT FOUNDATION

STRUCTURAL STEEL

WASH DOWN WATER PIPING

TE WASH DOWN WATER PIPING

PROCESS LIQUID & SLURRY PIPING

TE PROCESS LIQUID & SLURRY

AIR PIPING (PROCESS & INSTRUMENTATION)

TE AIR PIPING (PROCESS &INSTR

MIXED PILE LIFTING TABLELINE 2

MECHANICAL ERECTION

TE MECHANICAL ERECTION

DRY PRODUCT TRANSFER CARLINE 2

TE DRY PRODUCT TRANSFER CAR LI

TE SHEET LIFTING TABLE LINE 2

TE MIXED PILE LIFTING TABLE LI

DRY PROD TRANS CAR 1

TE DRY PROD TRANS CAR 1

SHEET LIFTING TABLE LINE2

WASH DOWN WATER PIPING

HEAT ENERGY PIPING

TE HEAT ENERGY PIPING

HYDRAULIC PIPING

TE HYDRAULIC PIPING

TE WASH DOWN WATER PIPING

AIR PIPING (PROCESS & INSTRUMENTATION)

TE AIR PIPING (PROCESS &INSTR

AIR RECEIVER # 2 INCLUDED W/130100

WATER TREATMENT/CON-DENSATE

TE WATER TREATMENT/CON-DENSATE

WATER TREATMENT/PRO-CESS

TE WATER TREATMENT/PRO-CESS

TE AIR RECEIVER # 2 INCLUDE

AIR RECEIVER # 1 INCLUDED W/130100

TE AIR RECEIVER # 1 INCLUDE

AIR DRYER 2 INCLUDED W/130100

TE AIR DRYER # 2 INCLUDE

AIR DRYER # 1 INCLUDED W/130100

TE AIR DRYER # 1 INCLUDE

AIR COMPRESSOR # 3

SHOP EQUIPMENT AL- LOWANCE

MAIN INCOMING SWITCHGEAR

EQUIPMENT INSTALLA- TION

TE EQUIPMENT INSTALLATION

TE AIR COMPRESSOR # 2

TE AIR COMPRESSOR # 3

AIR COMPRESSOR # 1

TE AIR COMPRESSOR # 1

TRUCK SCALES # 2

TRUCK SCALES # 1

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Description

WATER STORAGE & CON-TAINMENT

TE WATER STORAGE & CON-TAINMEN

AIR COMPRESSOR # 2

PROCESS CONTROL SY- STEMINTEGRATION

TE PROCESS CONTROL SY- STEM IN

EMERGENCY GENERATOR-SET LINE 1

TE EMERGENCY GENERATOR-SET LIN

FIBER WASTE PUMP

TE FIBER WASTE PUMP

TE P.H. MIXER

DOCK LEVELER/BUMPER

PROCESS WTR SURGE TANK PUMP

TE PROCESS WTR SURGE TANK PUMP

DIRTY WATER SURFACE PUMP

TE DIRTY WATER SURFACE PUMP

TE DIRTY WATER SUMP PUMP

DIRTY WATER SUMP PUMP

HIGH PRESSURE WASHER

VACUUM PUMPS # 5

MILL WATER BOOSTER PUMP & CONTROL VALVE

WASTE WATER STOCK CHEST

WASTE WATER STOCK CHEST

SIEVE STORAGE & MAINTENANCE EQUIP-LINE 1

MACHINE LINE MCC

TE PANEL PRIMMING LINE HANDLIN

PANEL PRIMMIMG LINE PAINTING EQUIP.

PRIMING LINE CONTROL SYS

PANEL PRIMMING LINE HANDLING EQUIPMENT

COATING & PNEUMATIC LINEMCC

PNEUMATIC COATER

VERTICAL SUB PUMP

INFRA-RED PRE-HEAT OVEN CONV.

PAINTER LINE MCC-480 V

ROLL COATER

TE EQUIPMENT PAINTING

ELECTRICAL INSTALL- ATION

EQUIPMENT PAINTING

MECHANICAL ERECTION

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TE MECHANICAL ERECTION

PRIMER WK TNK&EQUIP

TE PRIMER WK TNK&EQUIP

PRIMER STG TNKS&EQUI

TE PRIMER STG TNKS&EQUI

TE ELECTRICAL INSTALL- ATION

TE PANEL PRIMMIMG LINE PAINTIN

BAR CODING EQUIPMENT

DRY PRODUCT SHEAR EQUIPMENT

TE DRY PRODUCT SHEAR EQUIPMENT

INK JET LABEL EQUIPMENT

TE BD BREAKER - REJ BD

TE REJ BD FEED CONVEYOR

LAB EQUIPMENT

TE LAB EQUIPMENT

LABORATORY PRESS AND MOULDS

EMPLOYEE TIME TRACKINGSYSTEM

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COMPUTERS

<TABLE>
<CAPTION>

Computer	CPU Speed	RAM	HDD Size	Network Card	CDROM	Sound Card	Modem	OS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Dell Inspiron 3200	266	80MB	5GB	BreezeCom Wireless LAN ver 2.0		Crystal PNP Audio		Win98
Dell Inspiron 3200	266	80MB	5GB	BreezeCom Wireless LAN ver 2.0		Crystal PNP Audio		Win98
Dell Inspiron 3000	166	32MB	2GB					Win95
Dell Dimension V350	350	64MB	8GB	3Com Fast EtherLink XL	Yes	DS-XG Wave		WinNT
Dell Dimension V350	350	64MB	8GB	3Com Fast EtherLink XL	Yes	DS-XG Wave		WinNT
Dell Dimension V350	350	64MB	8GB	3Com Fast EtherLink XL	Yes	DS-XG Wave		WinNT
Dell Dimension V350	350	64MB	8GB	3Com Fast EtherLink XL	Yes			WinNT
Dell Inspiron 3200	266	80MB	6GB	3Com MegaHertz 10/100 PC Card	Yes	CS4236/37/38	MegaHertz 56K	Win98
Dell Inspiron 3200	266	80MB	6GB	BreezeCom Wireless LAN ver 2.0		Crystal PNP Audio		Win98
Clone		32MB	2.5GB	NE2000	Yes			Win95
Dell Dimension XPS R400	400	64MB	4GB	3Com Fast EtherLink PCI 10/100	Yes			WinNT
Dell Inspiron 7000	266	96MB	6GB	3Com MegaHertz 10/100 PC Card	DVD	Maestro MPU401	Psion Dacom 56K	Win98
Dell Dimension XPS D300	300	32MB	6GB	3Com Fast EtherLink XL 10/100MB	Yes			Win95
HP NetServer LH Pro 6/200	200	128MB	6x4GB					
Dell Dimínson XPS R400	400							

</TABLE>

PRINTERS

<TABLE>
<CAPTION>

Make	Model	Serial Number
<S>	<C>	<C>
Canon	BJC-6000	
Hewlett Packard	LaserJet 6P	USCC049336
Hewlett Packard	DeskJet 820Cse	SG69S180RQ
Hewlett Packard	LaserJet 8000	
Hewlett Packard	LaserJet 5SI	
Hewlett Packard	LaserJet 2100	
Hewlett Packard	LaserJet 5P	
Hewlett Packard	DeskJet 1600C	
Hewlett Packard	DeskJet 722C	US86A15046
Hewlett Packard	LaserJet 6P	
Xerox	DC332	

</TABLE>

Macintosh HD:Desktop Folder:Fortra Fiber computer and pri.d

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VEHICLES

<TABLE>
<CAPTION>

Make and Model	Vehicle Identification Number
1997 Chevrolet Silverado 1500 Pickup	1GCEC19R7VE138245
1999 Dodge Grand Caravan	1B4GP44G8XB629414

</TABLE>

TELECOMM EQUIPMENT

3COM 3C16406 SuperStack II PS Hub 40 - 24 port

Belkin 10ft LAN RJ45 VL5 cable

Belkin 10ft RJ11 straight thru cable

APC 600 UPS

Ingram Micro External 33.6 Modem

Ingram Micro RMW-4MAU 19" Wall Mount Rack

Curtis SP700 6-Outlet surge protector

MOBILE EQUIPMENT *

<TABLE>
<CAPTION>

Equipment	Model Number	Serial Number
Broderson Carryback Crane	IC-200	85186
Caterpillar Integrated Tool Carrier (Frontend Loader)	IT24F	4NN01077
Yale Forklift	GLP060	E177B17781U
Yale Forklift	GLP060	E177B17804U
Yale Forklift	GLP060T	A875B04466W
Taylor Forklift	THD160	27455
Taylor Forklift	THD160	27456
Taylor Forklift	THD160	27457
Taylor Forklift	THD250S	25417
Taylor Forklift	THD250S	27461
Taylor Forklift	THD160	28494
Taylor Forklift	THD160	28495
Genie Manlift Boom	Z60-34	1549

</TABLE>

*upon purchase by Landlord pursuant to respective leases therefor

Macintosh HD:Desktop Folder:Fortra Fiber computer and pri.d

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EXHIBIT C

GUARANTY

THIS GUARANTY is made as of the 6th day of October, 2000 by JAMES HARDIE NV, a Netherlands corporation ("Guarantor"), having an office at 26300 La Alameda, Suite 100, Mission Viejo, California 92691, in favor of FORTRA FIBER-CEMENT L.L.C., a Delaware limited liability ("Landlord"), with respect to, in consideration of, and as inducement for, the leasing to JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation ("Tenant"), of which Guarantor is the sole owner, of certain premises and personal property (the "Premises") located in Waxahachie, Ellis County, Texas, pursuant to that certain Industrial Building Lease (as such may be amended, restated, supplemented, extended, renewed or otherwise modified from time to time, the "Lease") dated as of even date herewith between Landlord and Tenant.

1. Guarantor hereby unconditionally and irrevocably guarantees to Landlord, its successors and/or assigns (a) the full and prompt payment of all Rent (as defined in the Lease) and all other sums payable by Tenant under the Lease in accordance with its terms (including sums that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. Section 362(a)) and (b) the full and prompt performance of all other obligations owed by Tenant pursuant to the Lease (the payment of Rent and all other obligations referred to in clauses (a) and (b) are hereinafter referred to as the "Obligations"). If Tenant shall fail to pay or perform any Obligation as required pursuant to the terms of the Lease, then, irrespective of any defense or any right of set-off, credit or claim that Guarantor may have against Landlord, Guarantor shall forthwith upon demand by Landlord pay or perform such Obligation.

2. This Guaranty is absolute, unconditional and irrevocable. Notwithstanding (a) any agreement or stipulation between Landlord and Tenant or their successors or assigns extending the time of performance or modifying any of the terms, covenants or conditions contained in the Lease on the part of Tenant to be performed, (b) any renewal or extension of the Lease, either pursuant to an option granted in the Lease or otherwise, (c) any waiver by or failure of Landlord to enforce any of the terms, covenants or conditions contained in the Lease or any of the terms, covenants or conditions contained in any modifications thereof, (d) any assignment of the Lease or any subletting of all or any part of the Premises, (e) any holdover by Tenant beyond the term of the Lease, (f) any consent, indulgence or other action, inaction or omission under or in respect of the Lease, or (g) any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting Tenant or Landlord or their respective successors or assigns whether or not notice thereof is given to Guarantor, Guarantor shall continue to be liable under this Guaranty. No such agreement, stipulation, waiver or failure shall impair the obligations hereunder of Guarantor and such obligations shall be and remain in full force and effect.

3. The liability of Guarantor under this Guaranty shall be an absolute, direct, immediate and unconditional guaranty of payment and performance and not of collectibility, and shall not be conditional or contingent upon the genuineness, validity, regularity or enforceability of the Lease or other documents or instruments relating to the obligations hereby guaranteed or the pursuit by Landlord of any remedies Landlord may have.

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4. Guarantor hereby waives (a) diligence, presentment, demand of payment and protest; (b) all notices to Guarantor, Tenant or any other person (whether of nonpayment, termination, acceptance of this Guaranty, default under the Lease or any other matters relating to the Lease, the Premises or related matters, whether or not referred to herein, and including any and all notices of the creation, renewal, extension, modification or accrual of any obligations contained in the Lease) and (c) all demands whatsoever. Guarantor agrees that its obligations hereunder shall not be affected by any circumstances which might otherwise constitute a legal or equitable discharge of a guarantor or surety.

5. No failure or delay on the part of Landlord in exercising any right, power or privilege under this Guaranty shall operate as a waiver of or otherwise affect any such right, power or privilege nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

6. Any notice or demand of Guarantor from or by Landlord, its successors or assigns, shall be delivered to Guarantor in the manner prescribed for the delivery of notices in the Lease at the address indicated in the first paragraph of this Guaranty, or such other address as Guarantor shall furnish in writing to Landlord. Nothing contained in this Paragraph 6 shall be deemed to require Landlord to give any notice to Guarantor, Tenant or any other Person.

7. This Guaranty may be enforced by Landlord without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the remedy provisions of the Lease or otherwise, and Guarantor hereby waives the right to require Landlord to proceed against Tenant, to exercise its rights and remedies under the Lease, or to pursue any other remedy or enforce any other right at law or in equity. Nothing herein contained shall prevent Landlord from suing on the Lease or from exercising any other rights available to it under the Lease, and the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor. Guarantor understands that the exercise by Landlord of certain rights and remedies contained in the Lease may affect or eliminate Guarantor's right of subrogation against Tenant and that Guarantor may therefor incur partially or totally nonreimbursable liability hereunder, nevertheless Guarantor hereby authorizes and empowers Landlord to exercise in its sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances.

8. Whenever Guarantor shall make any payment to Landlord hereunder on account of any liability hereunder, Guarantor shall notify Landlord in writing that such payment is made under this Guaranty for such purpose. It is understood that Landlord, without impairing this Guaranty, may, subject to the terms of the Lease, apply payments from Tenant or from any reletting of the Premises upon an uncured default by Tenant, to any due and unpaid Rent or other charges or to such other obligations owed by Tenant to Landlord pursuant to the Lease in such order as Landlord, in its sole and absolute discretion, determines.

9. Until the Obligations shall have been indefeasibly paid in full, Guarantor shall withhold exercise of (a) any right of subrogation against Tenant, (b) any right of contribution

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Guarantor may have against any other guarantor of the Obligations, (c) any right to enforce any remedy which Landlord now has or may hereafter have against Tenant or (d) any benefit of, and any right to participate in, any security now or hereafter held by Landlord. Guarantor further agrees that, to the extent the waiver of its rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation Guarantor may have against Tenant or against any collateral or security, and any rights of contribution Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights Landlord may have against Tenant, to all right, title and interest Landlord may have in any such collateral or security, and to any rights Landlord may have against such other guarantor. Landlord may use, sell or dispose of any item of collateral or security as it sees fit without regard to any subrogation rights Guarantor may have, and upon any such disposition or sale any rights of subrogation Guarantor may have shall terminate. If any amount shall be paid to Guarantor on account of any such subrogation rights at any time when all Obligations shall not have been paid in full, such amount shall be held in trust for Landlord and shall forthwith be paid over to Landlord to be credited and applied against the Obligations, whether matured or unmatured, in accordance with the terms of the Lease or any applicable security agreement.

10. Subject to the rights of any creditors of Guarantor, any indebtedness of Tenant now or hereafter held by Guarantor is hereby subordinated in right of payment to the Obligations and any such indebtedness of Tenant to Guarantor collected or received by Guarantor shall be held in trust for Landlord and shall forthwith be paid over to Landlord to be credited and applied against the Obligations but without affecting, impairing or limiting in any manner the liability of Guarantor under any other provision of this Guaranty.

11. This Guaranty is a continuing guaranty and shall remain in effect until all of the Obligations shall have been indefeasibly paid in full and Tenant shall have no further Obligations under, pursuant to, or in connection with, the Lease.

12. This Guaranty shall continue in full force and be binding upon Guarantor and its successors and assigns.

13. This Guaranty shall inure to the benefit of Landlord and its successors and assigns.

14. Guarantor agrees that it will, at any time and from time to time, within ten (10) business days following written request by Landlord, execute, acknowledge and deliver to Landlord or to such persons as Landlord may direct, a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications). Guarantor agrees that such certificates may be relied on by any person holding or proposing to acquire any interest in the Lease.

15. Guarantor shall pay all reasonable attorneys' fees, charges and expenses and all other reasonable costs and expenses which are incurred in the enforcement of this Guaranty whether or not any action or proceeding is actually commenced by Landlord against Guarantor or prosecuted to judgment.

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16. All rights, duties, benefits, and privileges arising hereunder shall be construed according to the laws of the State of Texas.

17. To the extent that Guarantor has now or may hereafter acquire such, Guarantor hereby irrevocably waives in respect of its obligations under this Guaranty, immunity from the jurisdiction of any court (including, but not limited to, the courts of the United States or any State thereof) and immunity of its revenues, assets, or properties (whether commercial or noncommercial) from execution upon, attachment in aid of execution upon, and attachment prior to, a judgment of any such court, and from any other legal process or action taken in connection with this Guaranty, and Guarantor agrees that the foregoing waivers of immunity shall have effect under and be construed in accordance with the Foreign Sovereign Immunities Act of 1976 of the United States, as the same may be amended from time to time.

18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Guaranty.

19. (a) So long as any Obligation could arise or remains outstanding, Guarantor shall not, without the prior written consent of Landlord, commence or join with any other person in commencing any bankruptcy, reorganization or insolvency proceedings of or against Tenant. The obligations of Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant or by any defense which Tenant may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Guarantor acknowledges and agrees that any interest on any portion of the Obligations which accrues after the commencement of any proceeding referred to in clause (a) above (or, if interest on any portion of the Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on such portion of the Obligations if said proceedings had not been commenced) shall be included in the Obligations because it is the intention of Guarantor and Landlord that the Obligations which are guarantied by Guarantor pursuant to this Guaranty should be determined without regard to any rule of law or order which may relieve Tenant of any portion of such Obligations by reason of such proceedings referred to in clause (a). Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Landlord, or allow the claim of Landlord in respect of, any such interest accruing after the date on which such proceeding is commenced.

(c) In the event that all or any portion of the Obligations are paid by Tenant, the obligations of Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from Landlord as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Obligations for all purposes under this Guaranty.

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20. Guarantor acknowledges and agrees that all disputes arising, directly or indirectly, out of or relating to this Guaranty, and all actions to enforce this Guaranty, may be dealt with and adjudicated in the courts of the State of Texas or the Federal courts sitting in the State of Texas; and hereby expressly and irrevocably submits the person of Guarantor to the jurisdiction of such courts in any suit, action or proceeding arising, directly or indirectly, out of or relating to this Guaranty. So far as is permitted under the applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in a manner permitted by law, shall be necessary in order to confer jurisdiction upon the person of Guarantor in any such court. Guarantor irrevocably agrees that service of any and all process in any such suit, action or proceeding in any such court may be effected by mailing a copy thereof by registered or certified mail, postage prepaid, to it at its address as specified in the preamble of this Guaranty. Such service is hereby acknowledged, agreed, accepted and consented to by Guarantor to be good, sufficient, effective and binding service in every respect

21. Provided that service of process is effected upon Guarantor as provided above or in any other manner permitted by law, Guarantor irrevocably waives, to the fullest extent permitted by law, and agrees not to assert, by way of motion, as a defense or otherwise, (a) any objection which it may have or may hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court as is mentioned in the previous paragraph, (b) any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum, or (c) any claim that it is not personally subject to the jurisdiction of the above-named courts. Provided that service of process is effected upon Guarantor as provided above or in any other manner permitted by law, Guarantor agrees that final judgment from which Guarantor has not appealed or may not appeal or further appeal in any such suit, action or proceeding brought in such a court of competent jurisdiction shall be conclusive and binding upon Guarantor and, may so far as is permitted under the applicable law, be enforced in the courts or any state or any Federal court and in any other courts to the jurisdiction of which Guarantor is subject, by a suit upon each judgment and that Guarantor will not assert any defense, counterclaim or set off in any such suit upon such judgment.

22. The obligations of Guarantor under this Guaranty shall not be discharged by an amount paid in currency other than U.S. Dollars, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to U.S. Dollars under normal banking procedures does not yield the amount of U.S. Dollars due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. Dollars into another currency (the "Second Currency"), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures Landlord could purchase U.S. Dollars with the Second Currency on the business day next preceding that on which such judgment is rendered. The obligation of Guarantor in respect of any such sum due from it to Landlord hereunder shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the business day following receipt by Guarantor of any sum adjudged to be due hereunder in the Second Currency to Landlord, Landlord may in accordance with normal banking procedures purchase U.S. Dollars with the amount of the Second Currency so adjudged to be due; and Guarantor hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify Landlord against, and to

<PAGE>

pay Landlord on demand in U.S. Dollars, any difference between the sum originally due to Landlord in U.S. Dollars and the amount of U.S. Dollars so purchased and transferred.

23. Guarantor shall furnish to Landlord (a) as soon as available, and in any event within sixty (60) days after the close of each fiscal quarter accounting period of Guarantor, a copy of the balance sheet of Guarantor as of the last day of such period, in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous fiscal year, and certified to by its president, chief financial officer or treasurer; and (b) as soon as available, and in any event within one hundred twenty (120) days after the close of each annual accounting period of Guarantor, a copy of the balance sheet of Guarantor as of the last day of the period then ended, and accompanying notes thereto, in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion thereon of a firm of independent public accountants of recognized national standing, selected by Guarantor and satisfactory to Landlord, to the effect that the financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") and present fairly in accordance with GAAP the financial condition of Guarantor as of the close of such fiscal year and the results of its operations for the fiscal year then ended, and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

24. Guarantor agrees to execute, deliver and file all such further instruments as may be necessary under the laws of the State of Texas in order to make effective (a) the consent of Guarantor to the jurisdiction of the courts of the State of Texas and the Federal courts sitting in the State of Texas and (b) the other provisions of this Guaranty.

25. Nothing in this Guaranty shall affect the right of Landlord to serve process in any manner permitted by law or limit the right of Landlord or any of its successors or assigns, to bring proceedings against Guarantor in the courts of any jurisdiction or jurisdictions.

26. Guarantor may not assign this Guaranty without the prior written consent of Landlord which consent may be withheld, conditioned or delayed in Landlord's sole discretion.

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IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

JAMES HARDIE NV, a Netherlands corporation

By:_____
Peter Macdonald,
Managing Director

By:_____
Phillip Morley,
Managing Director

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EXHIBIT D

GUARANTY

THIS GUARANTY is made as of the 6th day of October, 2000 by TEMPLE-INLAND FOREST PRODUCTS CORPORATION, a Delaware corporation ("Guarantor"), having an office at 303 South Temple Drive, Diboll, Texas 75941, in favor of JAMES HARDIE BUILDING PRODUCTS, INC., a Nevada corporation ("Tenant"), with respect to, in consideration of, and as inducement for, the leasing by Tenant of certain premises and personal property (the "Premises") located in Waxahachie, Ellis County, Texas, from FORTRA FIBER-CEMENT L.L.C., a Delaware limited liability company ("Landlord"), of which the majority interests are owned by Guarantor, pursuant to that certain Industrial Building Lease (as such may be amended, restated, supplemented, extended, renewed or otherwise modified from time to time, the "Lease") dated as of even date herewith between Landlord and Tenant.

1. Guarantor hereby unconditionally and irrevocably guarantees to Tenant, its successors and/or assigns the full and prompt payment and performance of all obligations owed by Landlord pursuant to the Lease (the "Obligations"). If Landlord shall fail to pay or perform any Obligation as required pursuant to the terms of the Lease, then, irrespective of any defense or any right of set-off, credit or claim that Guarantor may have against Tenant, Guarantor shall forthwith upon demand by Tenant pay or perform such Obligation.

2. This Guaranty is absolute, unconditional and irrevocable. Notwithstanding (a) any agreement or stipulation between Tenant and Landlord or their successors or assigns extending the time of performance or modifying any of the terms, covenants or conditions contained in the Lease on the part of Landlord to be performed, (b) any renewal or extension of the Lease, either pursuant to an option granted in the Lease or otherwise, (c) any waiver by or failure of Tenant to enforce any of the terms, covenants or conditions contained in the Lease or any of the terms, covenants or conditions contained in any modifications thereof, (d) any sale or transfer of the Premises, (e) any consent, indulgence or other action, inaction or omission under or in respect of the Lease, or (f) any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting Landlord or Tenant or their respective successors or assigns whether or not notice thereof is given to Guarantor, Guarantor shall continue to be liable under this Guaranty. No such agreement, stipulation, waiver or failure shall impair the obligations hereunder of Guarantor and such obligations shall be and remain in full force and effect.

3. The liability of Guarantor under this Guaranty shall be an absolute, direct, immediate and unconditional guaranty of payment and performance and not of collectibility, and shall not be conditional or contingent upon the genuineness, validity, regularity or enforceability of the Lease or other documents or instruments relating to the obligations hereby guaranteed or the pursuit by Tenant of any remedies Tenant may have.

4. Guarantor hereby waives (a) diligence, presentment, demand of payment and protest; (b) all notices to Guarantor, Landlord or any other person (whether of nonpayment, termination, acceptance of this Guaranty, default under the Lease or any other matters relating to the Lease, the Premises or related matters, whether or not referred to herein, and including any and all notices of the creation, renewal, extension, modification or accrual of any obligations

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contained in the Lease) and (c) all demands whatsoever. Guarantor agrees that its obligations hereunder shall not be affected by any circumstances which might otherwise constitute a legal or equitable discharge of a guarantor or surety.

5. No failure or delay on the part of Tenant in exercising any right, power or privilege under this Guaranty shall operate as a waiver of or otherwise affect any such right, power or privilege nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

6. Any notice or demand of Guarantor from or by Tenant, its successors or assigns, shall be delivered to Guarantor in the manner prescribed for the delivery of notices in the Lease at the address indicated in the first paragraph of this Guaranty, or such other address as Guarantor shall furnish in writing to Tenant. Nothing contained in this Paragraph 6 shall be deemed to require Tenant to give any notice to Guarantor, Landlord or any other Person.

7. This Guaranty may be enforced by Tenant without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the remedy provisions of the Lease or otherwise, and Guarantor hereby waives the right to require Tenant to proceed against Landlord, to exercise its rights and remedies under the Lease, or to pursue any other remedy or enforce any other right at law or in equity. Nothing herein contained shall prevent Tenant from suing on the Lease or from exercising any other rights available to it under the Lease, and the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of Guarantor. Guarantor understands that the exercise by Tenant of certain rights and remedies contained in the Lease may affect or eliminate Guarantor's right of subrogation against Landlord and that Guarantor may therefore incur partially or totally nonreimbursable liability hereunder; nevertheless Guarantor hereby authorizes and empowers Tenant to exercise in its sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances.

8. Whenever Guarantor shall make any payment to Tenant hereunder on account of any liability hereunder, Guarantor shall notify Tenant in writing that such payment is made under this Guaranty for such purpose.

9. Until the Obligations shall have been indefeasibly paid in full, Guarantor shall withhold exercise of (a) any right of subrogation against Landlord, (b) any right of contribution Guarantor may have against any other guarantor of the Obligations, (c) any right to enforce any remedy which Tenant now has or may hereafter have against Landlord or (d) any benefit of, and any right to participate in, any security now or hereafter held by Tenant. Guarantor further agrees that, to the extent the waiver of its rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation Guarantor may have against Landlord or against any collateral or security, and any rights of contribution Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights Tenant may have against Landlord, to all right, title and interest Tenant may have in any such collateral or security, and to any rights Tenant may have

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against such other guarantor. Tenant may use, sell or dispose of any item of collateral or security as it sees fit without regard to any subrogation rights Guarantor may have, and upon any such disposition or sale any rights of subrogation Guarantor may have shall terminate. If any amount shall be paid to Guarantor on account of any such subrogation rights at any time when all Obligations shall not have been paid in full, such amount shall be held in trust for Tenant and shall forthwith be paid over to Tenant to be credited and applied against the Obligations, whether matured or unmatured, in accordance with the terms of the Lease or any applicable security agreement.

10. Subject to the rights of any creditors of Guarantor, any indebtedness of Landlord now or hereafter held by Guarantor is hereby subordinated in right of payment to the Obligations and any such indebtedness of Landlord to Guarantor collected or received by Guarantor shall be held in trust for Tenant and shall forthwith be paid over to Tenant to be credited and applied against the Obligations but without affecting, impairing or limiting in any manner the liability of Guarantor under any other provision of this Guaranty.

11. This Guaranty is a continuing guaranty and shall remain in effect until all of the Obligations shall have been indefeasibly paid in full and Landlord shall have no further Obligations under, pursuant to, or in connection with, the Lease.

12. This Guaranty shall continue in full force and be binding upon Guarantor and its successors and assigns.

13. This Guaranty shall inure to the benefit of Tenant and its successors and assigns.

14. Guarantor agrees that it will, at any time and from time to time, within ten (10) business days following written request by Tenant, execute, acknowledge and deliver to Tenant or to such persons as Tenant may direct, a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications). Guarantor agrees that such certificates may be relied on by any person holding or proposing to acquire any interest in the Lease.

15. Guarantor shall pay all reasonable attorneys' fees, charges and expenses and all other reasonable costs and expenses which are incurred in the enforcement of this Guaranty whether or not any action or proceeding is actually commenced by Tenant against Guarantor or prosecuted to judgment

16. All rights, duties, benefits, and privileges arising hereunder shall be construed according to the laws of the State of Texas.

17. To the extent that Guarantor has now or may hereafter acquire such, Guarantor hereby irrevocably waives in respect of its obligations under this Guaranty, immunity from the jurisdiction of any court (including, but not limited to, the courts of the United States or any State thereof) and immunity of its revenues, assets, or properties (whether commercial or noncommercial) from execution upon, attachment in aid of execution upon, and attachment prior to, a judgment of any such court, and from any other legal process or action taken in connection

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with this Guaranty, and Guarantor agrees that the foregoing waivers of immunity shall have effect under and be construed in accordance with the Foreign Sovereign Immunities Act of 1976 of the United States, as the same may be amended from time to time.

18. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Guaranty.

19. (a) So long as any Obligation could arise or remains outstanding, Guarantor shall not, without the prior written consent of Tenant, commence or join with any other person in commencing any bankruptcy, reorganization or insolvency proceedings of or against Landlord. The obligations of Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Landlord or by any defense which Landlord may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Guarantor acknowledges and agrees that any interest on any portion of the Obligations which accrues after the commencement of any proceeding referred to in clause (a) above (or, if interest on any portion of the Obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued on such portion of the Obligations if said proceedings had not been commenced) shall be included in the Obligations because it is the intention of Guarantor and Tenant that the Obligations which are guarantied by Guarantor pursuant to this Guaranty should be determined without regard to any rule of law or order which may relieve Landlord of any portion of such Obligations by reason of such proceedings referred to in clause (a). Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Tenant, or allow the claim of Tenant in respect of, any such interest accruing after the date on which such proceeding is commenced.

(c) In the event that all or any portion of the Obligations are paid by Landlord, the obligations of Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from Tenant as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Obligations for all purposes under this Guaranty.

20. Guarantor acknowledges and agrees that all disputes arising, directly or indirectly, out of or relating to this Guaranty, and all actions to enforce this Guaranty, may be dealt with and adjudicated in the courts of the State of Texas or the Federal courts sitting in the State of Texas; and hereby expressly and irrevocably submits the person of Guarantor to the jurisdiction of such courts in any suit, action or proceeding arising, directly or indirectly, out of or relating to this Guaranty. So far as is permitted under the applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in a manner permitted by law, shall be necessary in order to confer jurisdiction upon the person of Guarantor in any such court. Guarantor irrevocably agrees that service of any and all process in

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any such suit, action or proceeding in any such court may be effected by mailing a copy thereof by registered or certified mail, postage prepaid, to it at its address as specified in the preamble of this Guaranty. Such service is hereby acknowledged, agreed, accepted and consented to by Guarantor to be good, sufficient, effective and binding service in every respect.

21. Provided that service of process is effected upon Guarantor as provided above or in any other manner permitted by law, Guarantor irrevocably waives, to the fullest extent permitted by law, and agrees not to assert, by way of motion, as a defense or otherwise, (a) any objection which it may have or may hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court as is mentioned in the previous paragraph, (b) any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum, or (c) any claim that it is not personally subject to the jurisdiction of the above-named courts. Provided that service of process is effected upon Guarantor as provided above or in any other manner permitted by law, Guarantor agrees that final judgment from which Guarantor has not appealed or may not appeal or further appeal in any such suit, action or proceeding brought in such a court of competent jurisdiction shall be conclusive and binding upon Guarantor and, may so far as is permitted under the applicable law, be enforced in the courts or any state or any Federal court and in any other courts to the jurisdiction of which Guarantor is subject, by a suit upon each judgment and that Guarantor will not assert any defense, counterclaim or set off in any such suit upon such judgment.

22. Guarantor shall furnish to Tenant (a) as soon as available, and in any event within sixty (60) days after the close of each fiscal quarter accounting period of Guarantor, a copy of Form 10-Q filed with the U.S. Securities and Exchange Commission by the parent company of Guarantor as of the last day of such period; and (b) as soon as available, and in any event within one hundred twenty (120) days after the close of each annual accounting period of Guarantor, a copy of Form 10-K filed with the U.S. Securities and Exchange Commission by the parent company of Guarantor as of the last day of the period then ended.

23. Guarantor agrees to execute, deliver and file all such further instruments as may be necessary under the laws of the State of Texas in order to make effective (a) the consent of Guarantor to the jurisdiction of the courts of the State of Texas and the Federal courts sitting in the State of Texas and (b) the other provisions of this Guaranty.

24. Nothing in this Guaranty shall affect the right of Tenant to serve process in any manner permitted by law or limit the right of Tenant or any of its successors or assigns, to bring proceedings against Guarantor in the courts of any jurisdiction or jurisdictions.

25. Guarantor may not assign this Guaranty without the prior written consent of Tenant which consent may be withheld, conditioned or delayed in Tenant's sole discretion.

26. Guarantor agrees not to sell or transfer its ownership interest in Landlord to any entity not affiliated with Tenant which engages in the manufacture of fiber-cement products.

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IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

TEMPLE-INLAND FOREST PRODUCTS CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

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EXHIBIT E

FORM OF
JAMES HARDIE BUILDING PRODUCTS, INC.
CONFIDENTIALITY UNDERTAKING

YOUR NAME AND TITLE: _____
(Please print)

ORGANIZATION: _____
(Name in Full)

ADDRESS: _____

_____

_____

ACKNOWLEDGMENT AND AGREEMENT

In consideration of being granted access to a site operated by James Hardie Building Products Inc. or any of its affiliated or related companies (together and respectively, the "Company") I provide the following undertaking on behalf of myself and my organization.

I acknowledge that during my access to the Company's site, the Company may disclose to me Confidential Information. I acknowledge that the Company is only prepared to grant me access to Company site on the condition that I agree to keep any such Confidential Information confidential. I agree to do so on the terms contained in this undertaking.

TERMS OF DISCLOSURE

"Confidential Information" includes information concerning quality systems, product formulations and properties, production processes and materials, machinery and its configurations, engineering designs and drawings, testing methods and results, research projects, business information and plans, and customer and supplier identities and my association with the Company, any other information treated or identified as confidential by the Company or of an inherently confidential nature, including but not limited to:

_____

_____

_____

- Signatory and Witness to Initial in margin _____
(please summarise all disclosed Confidential Information beyond that defined in the text printed above)

that is disclosed to me by the Company in the course of my access to the Company's site and any record of the Confidential Information made by me or my organization. Notwithstanding the

<PAGE>

foregoing, Confidential Information does not include information which (a) was in the possession of or known by me or my organization prior to disclosure by the Company, or (b) is, or through no fault of me or my organization becomes, generally known to the trade or the public.

I will take all action necessary to maintain the confidential nature of the Confidential Information. I will not disclose or publish or permit disclosure or publication of any of the Confidential Information to any person (except a person whose access to the Company's site is permitted by that certain Industrial Building Lease dated October _____, 2000 by and between the Company as tenant and Fortra Fiber-Cement L.L.C. as landlord and also has executed a similar Confidentiality Undertaking for the benefit of the Company) or for any purpose other than those persons and purposes which have been disclosed to and approved by the Company in writing or as otherwise expressly permitted hereunder.

I will also:

(a) limit the disclosure of the Confidential Information to such of my officers, employees, agents, attorneys or advisers who reasonably require such information and in such cases require them to be equally bound by the conditions of this undertaking; and

(b) return immediately to the Company all Confidential Information when requested to do so by the Company at any time.

Confidential Information may be disclosed if required by law or legally binding order or subpoena of a court, government or governmental agency providing that only the minimum Confidential Information required to be disclosed to comply with the applicable law or order is disclosed. I agree to give the Company reasonable prior notice of any such disclosure at 26300 La Alameda, Suite 100, Mission Viejo, California 92691, or any other address of which I am informed in writing, so that the Company shall have a reasonable opportunity to protect its interest in such Confidential Information.

The obligations of confidentiality in this undertaking continue to apply to me until I obtain a release in writing from the Company or until the information ceases to be Confidential Information as indicated above.

I acknowledge and agree to be bound by the above terms.

I also give this Confidentiality Undertaking on behalf of my organization and I have the authority to bind my organization in this regard. (Strike out this sentence if the signatory does not have the necessary authority.)

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The Company shall have all rights and remedies available at law or in equity in the event of any violation of this Confidentiality Undertaking.

SIGNED:

_____

(Signature)

Date: _____

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EXHIBIT "F"

1. Broderson Carryback Crane, Model No. IC-200, Serial #85186

2. Caterpillar Integrated Tool Carrier (Frontend Loader), Model No. IT24F, Serial #4NN01077

3. Yale Forklifts:

   (a) Yale Forklift, Model No. GLP060, Serial #E177B17781U

   (b) Yale Forklift, Model No. GLP060, Serial #E1-77B17804U

   (c) Yale Forklift, Model No. GLP060T, Serial #A875B04466W

4. Taylor Forklifts:

   (a) Taylor Forklift, Model No. THD160, Serial #27455

   (b) Taylor Forklift, Model No. THD160, Serial #27456

   (c) Taylor Forklift, Model No. THD160, Serial #27457

   (d) Taylor Forklift, Model No. THD250S, Serial #25417

   (e) Taylor Forklift, Model No. THD250S, Serial #27461

   (f) Taylor Forklift, Model No. THD160, Serial #28494

   (g) Taylor Forklift, Model No. THD160, Serial #28495

5. Genie Manlift Boom, Model No. Z60-34, Serial #1549

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EXHIBIT 4.26

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ASSET PURCHASE AGREEMENT
BY AND BETWEEN

JAMES HARDIE BUILDING PRODUCTS, INC.

AND

CEMPLANK, INC.

DATED AS OF DECEMBER 12, 2001

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Exhibit B	Form of Bill of Sale
Exhibit C	Form of Guarantee Agreement
Exhibit D	Form of Know-How License and Technical Support Agreement
Exhibit E	Intentionally Omitted
Exhibit F-1	Form of Opinion of Mayer, Brown & Platt
Exhibit F-2	Form of Opinion of Stevens & Lee
Exhibit F-3	Form of Opinion of Hubert Debout
Exhibit G	Form of Opinion of Patton Boggs LLP and the form of Opinion of McDonald Carano Wilson McCune Bergin Frankovich & Hicks LLP
Exhibit H	Form of Special Warranty Deed
Exhibit I	Form of Trademark and Patent Assignment
Exhibit J	Form of Side Letter

SCHEDULES

Schedule 1.1A	Financial Statements
Schedule 1.1B	Seller's Knowledge
Schedule 2.1(a)	Non-Commercial Real Property
Schedule 2.1(b)	Purchased Equipment
Schedule 2.1(f)	Owned Intellectual Property
Schedule 2.1(h)	Deposits, Rebates, Warranties
Schedule 2.1(i)	Vehicles
Schedule 2.2(a)	Personal Property Leases
Schedule 2.2(b)	Customer Contracts
Schedule 2.2(c)	Supply Contracts
Schedule 2.2(d)	Intellectual Property Licenses
Schedule 2.2(e)	Other Contracts
Schedule 2.3(o)	Other Excluded Assets
Schedule 2.4(e)	Other Assumed Liabilities
Schedule 3.2	Closing Date Balance Sheet Principles
Schedule 4.1	Foreign Qualifications; Subsidiaries
Schedule 4.3	Consents and Approvals; Authority
Schedule 4.4	Financial Statements; Undisclosed Liabilities
Schedule 4.5	Adverse Effects or Changes
Schedule 4.6	Title to Properties
Schedule 4.7	Condition of Assets
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Schedule 4.14	Permits
Schedule 4.15	Insurance
Schedule 4.16	Employment and Labor Matters
Schedule 4.17	Capital Improvements
Schedule 4.19	No Defaults or Violations
Schedule 4.20	Environmental Matters
Schedule 4.20(b)	Environmental Permits
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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 12th day of December, 2001, by and between JAMES HARDIE BUILDING PRODUCTS, INC., a corporation organized under the laws of the State of Nevada ("Purchaser"), and Cemplank, Inc., a corporation formed under the laws of the Commonwealth of Pennsylvania ("Seller"). Certain capitalized terms used herein are defined in Article I.

W I T N E S S E T H:

WHEREAS, Purchaser wishes to purchase from Seller, and Seller wishes to sell to Purchaser, all of the Purchased Assets, and Purchaser desires to assume from Seller, and Seller desires to assign to Purchaser, all of the Assumed Obligations, all upon the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements herein contained, Purchaser and Seller agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. The following terms shall have the following meanings for the purposes of this Agreement:

"Accounting Firm" shall have the meaning set forth in Section 3.2(b).

"Accounts Receivable" shall have the meaning set forth in Section 2.1(d).

"Affiliate" shall mean, with respect to any specified Person, any other Person which, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person. The term "control" as used in the preceding sentence means, with respect to a corporation, the right to exercise, directly or indirectly, 50% or more of the voting rights attributable to the shares of such corporation, or with respect to any Person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person.

"Agreement" shall mean this Asset Purchase Agreement, including all Exhibits and Schedules hereto, as it may be amended, modified or supplemented from time to time in accordance with its terms.

"Asset Acquisition Statement" shall have the meaning set forth in Section 3.3(a).

"Assets" shall mean the Purchased Assets and the Leased Assets.

"Assignment and Assumption Agreement" shall mean an assignment and assumption agreement between Purchaser and Seller to be executed and delivered at the Closing and in the form attached hereto as Exhibit A.

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"Assumed Obligations" shall have the meaning set forth in Section 2.4, except that any reference to "Assumed Obligations as of June 30, 2001" shall mean all liabilities of Seller that would fall within the definition of Assumed Obligations had the Closing occurred on June 30, 2001.

"Bill of Sale" shall mean a bill of sale of Seller to be executed and delivered at the Closing and in the form attached hereto as Exhibit B.

"Business" means all of the business and operations of Seller in Blandon, Pennsylvania and Summerville, South Carolina, which relate to the manufacture, sale, distribution and export of Products (as defined in the Know-How License and Technical Support Agreement) by Seller.

"Business Day" shall mean any day of the year other than (i) any Saturday or Sunday or (ii) any other day on which banks located in London, England or New York, New York generally are closed for business.

"Closing" shall mean the consummation of the transactions contemplated herein in accordance with Article VII.

"Closing Date" shall mean the date hereof.

"Closing Date Balance Sheet" shall have the meaning set forth in Section 3.2(a).

"Code" shall mean the United States Internal Revenue Code of 1986, as amended.

"Contract" shall mean any contract, lease, sales order, purchase order, agreement, indenture, mortgage, note, bond, warrant or instrument.

"Conversion Agreement" shall mean the Agreement as to Conversion of FILOT Lease to FILOT Contracts and Assignment and Assumption of FILOT Contract entered into as of December 11, 2001 by and among Purchaser, Seller and Dorchester County, a body politic and corporate and subdivision of the State of South Carolina.

"Customer Contract" shall have the meaning set forth in Section 2.2(b).

"Dollars" or numbers preceded by the symbol "$" shall mean amounts in United States Dollars.

"Enforceability Limitations" shall have the meaning set forth in Section 4.2.

"Environmental Claim" shall mean any claim, demand, cause of action, judgment or litigation made or brought against Seller relating to the violation of any Environmental Law or Environmental Permit relating to the ownership or use of the Purchased Assets (including the Non-Commercial Real Property) or the Excluded Real Property based on facts or events occurring prior to the Closing Date.

"Environmental Law" shall mean any Law, each as in effect on the date hereof, that imposes liability or standards of conduct concerning discharges, emissions, releases or

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threatened releases of noises, odors or any Hazardous Substances, whether as matter or energy, into ambient air, water or land (including into surface water, ground water, wetlands, landfills, drinking water, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, waste emissions or wells or open dumps), as well as, any Law governing pollution and protection of the environment, or otherwise relating to the presence, manufacture, labeling, testing, processing, discharge, release, threatened release, control or processing, generation, distribution, use, treatment, storage, disposal, investigation, cleanup, transport or handling of Hazardous Substances, or any other wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls or radiation, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Toxic Substances Control Act of 1976, as amended, the Federal Water Pollution Control Act Amendments of 1972, as amended, the Clean Water Act of 1977, as amended, and any so-called "Superfund" or "Superlien" Law (including those already referenced in this definition).

"Environmental Permit" shall mean any Permit required by or pursuant to any applicable Environmental Law.

"Environmental Warranty" shall mean a representation or warranty in Section 4.20.

"Equipment" shall have the meaning set forth in Section 2.1(b).

"Eureka Agreement" shall mean that certain Trademark License Agreement dated May 21, 1997 by and between Seller (formerly known as F.C.P., Inc.) and Eureka S.A. de C.V.

"Excluded Assets" shall have the meaning set forth in Section 2.3.

"Excluded Obligations" shall have the meaning set forth in Section 2.5.

"Excluded Real Property" shall mean the parcels of land set forth on Schedule 4.8 (other than the Non-Commercial Real Property) together with any and all privileges and easements appurtenant thereto and all buildings and other structures and improvements (other than the Equipment) situated or located thereon or attached thereto which were owned and used by Seller prior to the Closing Date in the operation of the Business and are being leased to Purchaser concurrently with the Closing.

"Excluded Technology" shall have the meaning set forth in the Know-How License and Technical Support Agreement.

"FILOT Lease" shall mean that certain Lease Purchase Agreement dated December 31, 2000 between Dorchester County, South Carolina and Seller, as the same may be amended or modified from time to time.

"Financial Statements" shall mean the audited financial statements of Seller as of December 31, 2000 and the unaudited financial statements of Seller as of June 30, 2001, all of which are included in Schedule 1.1 A, consisting of the balance sheets at such dates and the

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related statements of earnings and retained earnings and cash flows for the periods ended on such dates.

"Governmental Authority" shall mean the government of the United States or any foreign country or any state or political subdivision thereof or any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Agreement" shall mean a guarantee agreement between International Building Materials, S.A. and Purchaser to be executed and delivered at the Closing and in the form attached as Exhibit C.

"Hazardous Substances" shall mean all toxic, explosive or radioactive substances or wastes, petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, and any of the following: (i) any 'hazardous substances,' as defined under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601 et seq.; (ii) any 'extremely hazardous substance,' 'hazardous chemical' or 'toxic chemical,' each as defined under the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001 et seq.; (iii) any 'hazardous waste,' as defined under the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq.; (iv) any 'pollutant,' as defined under the Clean Water Act, 33 U.S.C. Sections 1251 et seq.; (v) any 'hazardous materials' as defined in the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., as amended, and regulations promulgated thereunder; (vi) any 'chemical substance or mixture' as defined in the Toxic Substances Control Act, 15 U.S.C. Section 2061 et seq., as amended, and regulations promulgated thereunder and (vii) any regulated substance or waste under any Environmental Law.

"Indemnified Person" shall mean the Person or Persons entitled to, or claiming a right to, indemnification under Article VIII.

"Indemnifying Person" shall mean the Person or Persons claimed by the Indemnified Person to be obligated to provide indemnification under Article VIII.

"Information and Records" shall have the meaning set forth in Section 2.1(e).

"Intellectual Property" shall mean all United States and foreign patents (including continuations, continuations-in-part, reissues and re-examinations thereof) and patent applications; registered and unregistered trade names, trademarks, service names and service marks (and applications for registration of the same); copyrights and copyright registrations (and applications for the same); and domain names and all applications therefor.

"Intellectual Property Licenses" shall have the meaning set forth in Section 2.2(d).

"Inventory" shall have the meaning set forth in Section 2.1(c).

"June 30 Balance Sheet" shall have the meaning set forth in Section 3.2(a).

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"Know-How" shall have the meaning set forth in the Know-How License and Technical Support Agreement.

"Know-How License and Technical Support Agreement" shall mean the know-how license and technical support agreement among Seller, Redco S.A., Manasco S.A. and Purchaser to be executed and delivered at the Closing and in the form attached hereto as Exhibit D.

"Know-How Warranties" shall mean the representations and warranties made by Redco S.A., Manasco S.A. and/or Seller in the Know-How License and Technical Support Agreement.

"Law" shall mean any law, statute, regulation, ordinance, rule, order, decree, judgment, decision or governmental requirement enacted, promulgated or imposed by any Governmental Authority.

"Leased Assets" shall mean all assets leased to Seller pursuant to any of the Personal Property Leases.

"Liability" shall mean any debt, claim, obligation or liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

"Licensed Intellectual Property" shall have the meaning set forth in Section 4.12.

"Lien" shall mean any lien (except for any lien for Taxes not yet due and payable), mortgage, pledge, security interest or other encumbrance.

"Loss" or "Losses" shall mean any and all losses, liabilities, costs, claims, damages and expenses, and shall also include Losses actually suffered by Purchaser as a result of the successful prosecution of a claim by the purchaser of all or substantially all of the assets of Purchaser arising from a breach of or inaccuracy in any of the representations or warranties set forth herein or in any Related Agreement.

"Major Customer" shall have the meaning set forth in Section 4.22(a)(i).

"Major Supplier" shall have the meaning set forth in Section 4.22(a)(ii).

"Net Book Value Deficiency" shall mean (a) the amount (if any) by which the Purchased Assets less the Assumed Obligations (the "Net Acquired Assets"), as shown on the Closing Date Balance Sheet, is less than (b) the Net Acquired Assets as shown in the June 30 Balance Sheet.

"Net Book Value Excess" shall mean (a) the amount (if any) by which the Net Acquired Assets, as shown on the Closing Date Balance Sheet, is greater than (b) the Net Acquired Assets as shown in the June 30 Balance Sheet.

"Non-Commercial Real Property" shall mean those parcels of land set forth

and identified as such on Schedule 2.1(a) together with any and all privileges and easements appurtenant thereto and all buildings, facilities, installations and other structures, improvements, and fixtures situated or located thereon or attached thereto.

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"Ordinary Course of Business" shall mean the conduct of the Business by Seller in the ordinary course and as established over the two years prior to the Closing Date.

"Owned Intellectual Property" shall have the meaning set forth in Section 2.1(f).

"Parties" shall mean Seller and Purchaser, each individually referred to herein as a "Party."

"Permit" shall mean any permit, license, approval or other authorization required or granted by any Governmental Authority for any and all aspects of the operations of the Business.

"Permitted Liens" shall mean (i) Liens for Taxes that are not yet delinquent or that are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with U.S. GAAP; (ii) workers', mechanics', materialmen's, repairmen's, suppliers', carriers' or similar Liens (a) arising in the Ordinary Course of Business with respect to obligations that are not yet delinquent or (b) that are being contested in good faith by appropriate proceedings and, in the case of clause (b), for which adequate reserves have been established in accordance with U.S. GAAP; and (iii) those Liens set forth in Schedule 4.6 and designated as "Permitted Liens".

"Person" shall mean any individual, corporation, proprietorship, firm, partnership, limited partnership, limited liability company, trust, association or other entity.

"Personal Property Lease" shall have the meaning set forth in Section 2.2(a).

"Product Support" shall have the meaning set forth in Section 2.4(c).

"Purchase Price" shall mean (i) the amount payable by Purchaser under Section 3.1(b), less (ii) any amount payable by Seller under Section 3.1(c)(i). plus (iii) any amount payable by Purchaser under Section 3.1(c)(ii).

"Purchased Assets" shall have the meaning set forth in Section 2.1, except that any reference to the "Purchased Assets as of June 30, 2001" shall mean all assets of Seller that would fall within the definition Purchased Assets had the Closing occurred on June 30, 2001.

"Purchased Contracts" shall have the meaning set forth in Section 2.2.

"Purchaser" shall have the meaning set forth in the preamble to this Agreement.

"Purchaser's Employees" shall have the meaning set forth in Section 6.6.

"Real Property" means the Excluded Real Property and the Non-Commercial Real Property.

"Related Agreements" shall mean the Assignment and Assumption Agreement, Bill of Sale, Guarantee Agreement, Know-How License and Technical Support Agreement, Side Letter and all exhibits, schedules, instruments and other documents attached thereto or contemplated

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thereby. The Related Agreements executed by a specified Person shall be referred to as "such Person's Related Agreements," "its Related Agreements" or another similar expression.

"Seller" shall have the meaning set forth in the preamble to this Agreement.

"Seller's knowledge", or any similar expression with regard to the knowledge or awareness of or receipt of notice by Seller, means the actual, direct and personal knowledge, which was or would have been obtained after reasonable inquiry, of any of the Persons listed in Schedule 1.1B.

"Side Letter" shall mean a side letter agreement between Purchaser and International Building Materials, S.A. to be executed and delivered at the Closing and in the form attached hereto as Exhibit J.

"Supply Contract" shall have the meaning set forth in Section 2.2(c).

"Tax Return" shall mean any report, return or other information required to be supplied to a Governmental Authority in connection with any Taxes.

"Tax Statute of Limitations Date" shall mean the close of business on the 45th day after the expiration of the applicable statute of limitations with respect to Taxes, including any extensions thereof (or if such date is not a Business Day, the next Business Day).

"Tax Warranty" shall mean a representation or warranty in Section 4.18.

"Taxes" shall mean all taxes, charges, fees, duties, levies or other assessments (including income, gross receipts, net proceeds, ad valorem, turnover, real and personal property (tangible and intangible), sales, use, franchise, excise, goods and services, value added, stamp, user, transfer, fuel, excess profits, occupational, interest equalization, windfall profits, severance, payroll, unemployment and Social Security taxes) which are imposed by any Governmental Authority, and such term shall include any interest, penalties or additions to tax attributable thereto.

"Title and Authorization Warranty" shall mean a representation or warranty contained in Section 4.1(a), 4.2, 5.1, 5.2 or 5.5 or the first sentence of Section 4.6 hereof.

"Transferable Permit" shall have the meaning provided in Section 2.2.

"U.S. GAAP" shall mean United States generally accepted accounting principles at the time in effect.

1.2 Interpretation. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Agreement. The use of the terms "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Reference to any Person includes such Person's

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successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Underscored references to Articles, Sections, paragraphs, clauses, Exhibits or Schedules shall refer to those portions of this Agreement. The use of the terms "hereunder," "hereof," "hereto" and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph or clause of, or Exhibit or Schedule to, this Agreement. In the event of a direct conflict in the terms of this Agreement and any of the Related Agreements, the terms of this Agreement shall control.

ARTICLE II

SALE AND PURCHASE OF ASSETS; ASSUMPTION OF ASSUMED OBLIGATIONS

2.1 Purchased Assets. Except as provided in Section 2.3 and subject to the other terms and conditions of this Agreement and the Related Agreements, at the Closing, Seller shall sell, assign, convey, transfer and deliver to Purchaser, and Purchaser shall purchase and acquire from Seller and take assignment and delivery from Seller of, all of Seller's right, title and interest in and to all of the assets, rights and Business of Seller as a going concern as of the Closing Date, of whatever kind or nature and wherever situated or located and whether reflected on Seller's books and records or previously written-off or otherwise not reflected on such books and records, in each case, that are owned by Seller, including the following:

(a) Non-Commercial Real Property. All Non-Commercial Real Property;

(b) Equipment. All equipment, machinery, appliances, furniture, draperies and curtains, computer hardware, tools, spare parts and other items of tangible personal property (including any of the foregoing which has been fully depreciated), other than the Inventory (collectively, the "Equipment"), including the Equipment listed on Schedule 2.1(b);

(c) Inventory. All inventory, including materials and raw materials, work in progress, finished goods, service parts and supplies and parts which have historically been expensed or have not been valued on Seller's books and records, supplies, and other inventories as of the Closing Date (collectively, the "Inventory");

(d) Accounts Receivable. All accounts receivable, trade receivables, notes receivable and other receivables which are payable as a result of goods sold or services provided (or which will be sold or provided) by Seller prior to the Closing ("Accounts Receivable");

(e) Information and Records. All books, records, files, databases, plans, specifications, blueprints, repair and operating manuals, warranty and maintenance records, information regarding assessments, copies of information regarding insurance, marketing and promotional material, technical information, price lists, sales records,

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copies of plans and designs of buildings and structures, plans and designs of fixtures and equipment, copies of Real Property records and environmental control and monitoring records, customer and prospective customer lists, customer records and information, drawings, accounts receivable and payable records, maintenance and asset history records, ledgers, registers, books of original entry, OSHA and EPA files and records of Seller pertaining to the Business, and copies of any and all non-confidential documents, correspondence or materials relating to the Excluded Obligations and Excluded Assets (collectively, the "Information and Records"); provided that Seller shall be entitled to retain copies of the Information and Records delivered to Purchaser hereunder; provided further that Seller shall retain the original information regarding insurance and shall provide copies to Purchaser;

(f) Intellectual Property. All Intellectual Property, including the Intellectual Property listed on Schedule 2.1(f) (collectively, the "Owned Intellectual Property"), and all goodwill associated with such Owned Intellectual Property.

(g) Goodwill. All customer relationships of Seller and related goodwill as a going concern and other intangible personal property relating to the Business, to the extent transferable;

(h) Deposits, Rebates and Warranties. Deposits, rebates, warranties and rights with respect thereto, including all of Seller's prepaid expenses, credit memoranda, warranties and deposits relating to the Business, including those listed on Schedule 2.1(h), except as described in Section 2.3(a);

(i) Orders. All records of sale orders, quotations and bids;

(j) Vehicles. All vehicles used in the Business, including those vehicles described on Schedule 2.1(j); and

(k) Other Assets. All other assets pertaining to the Business.

All of the foregoing assets described in this Section 2.1, together with the Transferable Permits and the Purchased Contracts, but excluding the Excluded Assets, are referred to herein collectively as the "Purchased Assets."

2.2 Assignment of Contracts. Except as provided in Section 2.3 and subject to the other terms and conditions of this Agreement and the terms of the Assignment and Assumption Agreement, at the Closing, Seller shall assign and transfer to Purchaser, and Purchaser shall take assignment of, all of Seller's title, right and interest in and to the Permits held by Seller, to the extent such Permits are transferable (collectively, the "Transferable Permits"), and the Contracts to which Seller is a party, which are listed below:

(a) Personal Property Leases. The leases to or by Seller of personal property listed on Schedule 2.2(a) (collectively, the "Personal Property Leases");

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(b) Customer Contracts. The sale orders and other Contracts for the provision by Seller of goods or services to customers listed on Schedule 2.2(b) (collectively, the "Customer Contracts");

(c) Supply Contracts. The purchase orders and other Contracts for the purchase by Seller of goods or services listed on Schedule 2.2(c) (collectively, the "Supply Contracts");

(d) Intellectual Property Licenses. The agreements for the license to or by Seller of any Intellectual Property or software listed on Schedule 2.2(d) (collectively, the "Intellectual Property Licenses"); and

(e) Other Contracts. The other Contracts to which Seller is a party listed on Schedule 2.2(e).

All of the foregoing Contracts, excluding Excluded Assets, are referred to herein collectively as the "Purchased Contracts." Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign or transfer any Contract or any claim or right or any benefit or obligation thereunder or resulting therefrom if an assignment or transfer thereof, without the consent of a third party thereto, would constitute a breach or violation thereof or impose any obligation or liability on Seller and if such a consent is not obtained at or prior to the Closing, in which case Section 6.2 shall apply.

2.3 Excluded Assets. Notwithstanding the provisions of Sections 2.1 and 2.2, Seller shall not sell, assign, convey, transfer or deliver to Purchaser, and Purchaser shall not purchase, acquire or take assignment or delivery of, any of the following assets or rights, or any right, title or interest of Seller therein (collectively, the "Excluded Assets"):

(a) Cash. All cash, certificates of deposit, bank deposits, negotiable instruments, marketable securities and other cash equivalents, together with all accrued but unpaid interest thereon;

(b) Etex Name. Any Internet domain names, logos, trade names, trade marks, service names or service marks containing the name "Etex" and any variations or derivations thereof, and all goodwill associated therewith;

(c) Tax Refunds. All claims for and rights to receive Tax refunds, all Tax Returns, and all notes, worksheets, files or documents relating thereto;

(d) Claims. All claims, causes of action rights of recovery, defense or counterclaim and rights of set-off of any kind (including rights under and pursuant to all warranties, representations and guarantees made by suppliers of products, materials or equipment or components thereof) relating to any Excluded Obligations;

(e) Corporate Records. The minute books from the meetings (or consents in lieu thereof) of the board of directors and stockholders of Seller and the stock ownership records of Seller;

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(f) Employee Records. All personnel, employee compensation and benefits and labor relations records relating to employees of Seller; provided, however, that Seller shall deliver to Purchaser all such records that relate to Purchaser's Employees, and may retain copies of such records as it deems appropriate;

(g) Excluded Books and Records. All books and records that relate primarily to Excluded Assets or Excluded Obligations;

(h) Sale Documents. All books and records prepared in connection with the sale of Seller and/or its business and assets, including offers received from prospective purchasers and any information relating to such offers;

(i) Debt Agreements and Guarantees. All rights of Seller under the following Contracts, and all Contracts and other documents executed and delivered in connection therewith:

(i) Revolving Credit Facility dated March 12, 1997 between International Building Materials, S.A. and Seller (formerly known as F.C.P., Inc.); and

(ii) Accession Letter and Accession Deed each dated April 11, 2001 from Seller and Etex Group S.A. to Deutsche Bank AG London as Agent for certain lenders under a Facility Agreement dated 21 January 2001, as amended by a Syndication Agreement dated 14 March 2001, and the related Letter of Support dated March 5, 2001 from Eterco S.A. to Seller and certain other subsidiaries of Etex Group S.A.;

(j) This Agreement. All rights of Seller under this Agreement and the Related Agreements;

(k) Insurance. All rights of Seller under insurance policies; provided that Purchaser shall be entitled to the proceeds received by Seller under insurance policies to the extent that such proceeds relate to losses that arise with respect to Purchased Assets or Assumed Obligations, due to events occurring before the Closing Date;

(l) Non-Transferable Permits. All Permits that are held by Seller to the extent such Permits are not transferable;

(m) Real Property. All right, title and interest in and to the Excluded Real Property;

(n) Know-How. All Know-How and all right, title and interest in and to the Excluded Technology; and

(o) Other Excluded Assets. All right, title and interest in and to the FILOT Lease and all Personal Property Leases, Customer Contracts, Supply Contracts, Intellectual Property Licenses and other Contracts other than those listed in Section 2.2, and all assets of Seller listed on Schedule 2.3(o).

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None of the Excluded Assets shall be included in the term "Purchased Assets" or "Purchased Contracts" or any other term defined in Section 2.1 or 2.2.

2.4 Assumed Obligations. Except as provided in Section 2.5, at the Closing Purchaser shall assume, and agree to pay, perform, fulfill and discharge when due the following (collectively, excluding the Excluded Obligations, the "Assumed Obligations"):

(a) Closing Date Balance Sheet. The Liabilities set forth, and to the extent provided for, in the Closing Date Balance Sheet;

(b) Purchased Contracts. The Liabilities of Seller under the Purchased Contracts (but not any Liabilities of Seller in respect of a breach of or default under such Purchased Contracts arising prior to Closing);

(c) Product Support. The obligations and commitments under warranties with respect to products and services of the Business manufactured, performed, sold, distributed or rented prior to the Closing by Seller, to the extent provided for in the Closing Date Balance Sheet (collectively "Product Support");

(d) Environmental Claims. The Liabilities relating to any Environmental Claims up to an aggregate amount of $550,000; and

(e) Scheduled Liabilities. The other Liabilities set forth on Schedule 2.4(e).

2.5 Excluded Obligations. Notwithstanding anything in this Agreement or any of the Related Agreements to the contrary, except as specifically set forth in Section 2.4, neither Purchaser nor any of its Affiliates, agents, representatives, independent contractors or employees shall assume or otherwise be liable in respect of, or be deemed to have assumed or otherwise be liable in respect of, any Liability of Seller or any of its Affiliates whatsoever that arose, arises, or will manifest itself at any time (collectively, the "Excluded Obligations"), including:

(a) Taxes. Except as provided in Section 9.1, all obligations for Taxes of, or pertaining or attributable to, (i) Seller or its Affiliates for any period that ends on or before, and includes, the Closing Date, or (ii) the Purchased Assets for any period or portion of a period that ends on or before the Closing Date. Such obligations include all Taxes described in clauses (i) and (ii) of this Section 2.5(a) for which liability is or may be sought to be imposed on Purchaser under any successor liability, transferee liability or similar provision of any applicable federal, foreign, state or local law;

(b) Liability Under Agreement. Any Liability of Seller or Seller's Affiliates under this Agreement or any of the Related Agreements, and any Liability of Seller or Seller's Affiliates arising out of the breach of this Agreement or the Related Agreements;

(c) Fees. All fees unrelated to the Business owing to Governmental Authorities that are attributable to Seller or Seller's business activities after the Closing Date and Seller's Affiliates;

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(d) Fees and Expenses Related to Agreement. Any Liabilities for legal, accounting, audit and investment banking fees, brokerage commissions and any other expenses incurred by Seller in connection with the negotiation and preparation of this Agreement, the Related Agreements and the acquisition of the assets by Purchaser contemplated hereby;

(e) Insurance Policies. Any Liabilities under those insurance policies which are not assigned to Purchaser pursuant to the provisions of this Agreement, together with any Liabilities for retroactive or similar insurance premium adjustments under those policies;

(f) Employees. (i) Liabilities relating to, or involving, any of Seller's employees, independent individual contractors, individual agents or individual representatives for any matter, claim, dispute, allegation or action arising prior to the Closing Date; (ii) Liabilities under collective bargaining agreements pertaining to Seller's employees; (iii) Liabilities to pay severance benefits (including the severance agreements entered into between Seller and the individuals listed on Schedule 8.2(c)), salaries, wages, bonuses, vacation pay and other compensation which are owed by Seller to Seller's employees as of the Closing Date or any such Liabilities owing to Seller's employees for their services prior to the Closing Date and (iv) Liabilities arising out of or in connection with Seller's employee welfare, pension and profit sharing plans; and

(g) Any Liabilities under or related to the Contracts referenced in Section 2.3(i).

ARTICLE III

PURCHASE PRICE AND PAYMENT

3.1 Payment of Purchase Price.

(a) The total consideration for the Purchased Assets shall consist of (i) the assumption by Purchaser of the Assumed Obligations, and (ii) the payment of the Purchase Price in accordance with this Section 3.1.

(b) At the Closing, Purchaser shall pay to Seller $39 million.

(c) Within three (3) Business Days after the date that the Closing Date Balance Sheet and June 30 Balance Sheet become final and binding in accordance with Section 3.2, (i) if there is a Net Book Value Deficiency, Seller shall pay to Purchaser the amount of the Net Book Value Deficiency, and (ii) if there is a Net Book Value Excess, Purchaser shall pay to Seller the amount of the Net Book Value Excess, which amount in either case shall be payable together with interest thereon from the Closing Date until the date paid calculated using simple interest and the 10-year bond rate as of the date hereof from Bloomberg U.S. Treasury Reports.

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(d) All payments made hereunder shall be made in accordance with Section 9.4 and to such account or accounts as the receiving party shall designate in writing to the paying party.

3.2 Closing Date Balance Sheet.

(a) Within sixty (60) days after the Closing Date, Purchaser shall (i) prepare (x) a balance sheet for the Purchased Assets and Assumed Obligations as of the Closing Date (the "Closing Date Balance Sheet"), and (y) a balance sheet for the Purchased Assets and Assumed Obligations as of June 30, 2001, which shall be derived from the Purchased Assets and Assumed Obligations set forth in the unaudited balance sheet of Seller, dated as of June 30, 2001, a copy of which is included in the Financial Statements (the "June 30 Balance Sheet"), (ii) cause KPMG LLP to audit the Closing Date Balance Sheet and the June 30 Balance Sheet and (iii) deliver a copy of each of the Closing Date Balance Sheet and the June 30 Balance Sheet to Seller. Each of the Closing Date Balance Sheet and the June 30 Balance Sheet shall be prepared in accordance with U.S. GAAP on a basis consistent with accounting principles, practices and procedures used by Seller in the preparation of the balance sheets included in the Financial Statements as more fully set forth in Schedule 3.2, as modified by the exceptions to the accounting principles, practices and procedures set forth on Schedule 3.2. The audited Closing Date Balance Sheet and the audited June 30 Balance Sheet delivered pursuant to this Section 3.2(a) shall be accompanied by a statement setting forth Purchaser's determination of any Net Book Value Excess or any Net Book Value Deficiency. Promptly upon Seller's request, Purchaser shall make available to Seller copies of the work papers and back-up materials used by Purchaser in preparing the Closing Date Balance Sheet and such other documents as Seller may reasonably request in connection with its review of the Closing Date Balance Sheet and June 30 Balance Sheet. Purchaser and Seller shall each pay one-half of the fees and expenses of KPMG LLP to audit the Closing Date Balance Sheet and the June 30 Balance Sheet.

(b) Within thirty (30) days after receipt of the audited Closing Date Balance Sheet and audited June 30 Balance Sheet, Seller shall deliver to Purchaser a written statement describing its objections (if any) to the Closing Date Balance Sheet and June 30 Balance Sheet and Purchaser's determination of the Net Book Value Excess or Net Book Value Deficiency. If Seller does not so raise any objections in a written statement to Purchaser within such thirty-day period, the Closing Date Balance Sheet and June 30 Balance Sheet shall become final and binding upon all parties. If Seller does so raise objections in a written statement to Purchaser within such thirty-day period, and the parties cannot resolve such objections within ten (10) Business Days after the receipt by Purchaser of such written statement, any remaining disputes shall be resolved by Arthur Andersen LLP or another nationally recognized independent accounting firm mutually agreeable to Purchaser and Seller (the "Accounting Firm"). The Accounting Firm shall be instructed to resolve such disputes within thirty (30) days after its appointment. The resolution of disputes by the Accounting Firm shall be set forth in writing and shall be conclusive and binding upon all parties and the Closing Date Balance Sheet and June 30 Balance Sheet, as modified by such resolution, shall become final and binding upon the date of such resolution and shall be used to determine the final amount of any Net Book

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Value Excess or Net Book Value Deficiency. The fees and expenses of the Accounting Firm shall be apportioned between the parties by the Accounting Firm based on the degree to which each party's claims were unsuccessful and shall be paid by the parties in accordance with such determination. For example, if pursuant to this Section 3.2(b) Seller submitted an objection affecting the Purchase Price in the amount of $100,000 and prevailed as to $45,000 of such amount, then Seller would bear fifty-five percent (55%) of the fees and expenses of the Accounting Firm.

3.3 Allocation of Consideration.

(a) Within 60 days after the Closing Date, Purchaser will provide to Seller copies of Internal Revenue Service Form 8594 and all other related documents the Code and applicable United States Treasury regulations require (the "Asset Acquisition Statement") with Purchaser's proposed allocation of the Purchase Price (together with any Assumed Obligations), such allocation to be made in accordance with the Code and applicable United States Treasury regulations. Within 15 days after the receipt of such Asset Acquisition Statement, Seller will propose to Purchaser any changes to such Asset Acquisition Statement. If Seller proposes no such changes in writing to Purchaser within that 15-day period, Seller will have agreed to, and accepted, the Asset Acquisition Statement. Purchaser and Seller will try to resolve any differences with respect to the Asset Acquisition Statement within 15 days after Purchaser's receipt of written notice of objection from Seller.

(b) If Seller withholds its consent to the allocation shown in the Asset Acquisition Statement, and Purchaser and Seller have acted in good faith to resolve any differences with respect to items on the Asset Acquisition Statement and are unable to resolve any differences, then the Accounting Firm will conclusively resolve any remaining disputed matters. The Accounting Firm shall be instructed to resolve such disputes within thirty (30) days after its receipt of the information necessary to make such a determination. No later than 30 days after its receipt of the information necessary to make such a determination, the Accounting Firm shall determine (based solely on presentations by Seller and Purchaser and not by independent review) only those matters in dispute and will issue a written report about the disputed matters and the resulting allocation of Purchase Price (together with any Assumed Obligations). The report shall be conclusive and binding upon the Purchaser and Seller. Subject to the requirements of any applicable tax law or election, Purchaser and Seller shall file all Tax Returns and reports consistently with the allocation provided in the Asset Acquisition Statement or, if applicable, the determination of the Accounting Firm. Seller and Purchaser shall share equally the fees charged by and expenses of the Accounting Firm. Any adjustment to the Purchase Price (together with Assumed Obligations) shall be allocated in accordance with the Code and applicable United States Treasury regulations.

ARTICLE TV

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as follows:

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4.1 Due Incorporation; Subsidiaries.

(a) Seller is a corporation duly incorporated under the laws of the Commonwealth of Pennsylvania. Seller is validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, with all requisite corporate power and authority to own the Purchased Assets, lease the Leased Assets and operate the Assets and to conduct its business as they are now being owned, leased, operated and conducted.

(b) Seller is licensed or qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of the Assets or Seller's conduct of its business requires such licensing or qualification and in which the failure to be so licensed or qualified would be material. Such jurisdictions are listed in Schedule 4.1.

(c) Except as set forth in Schedule 4.1, Seller does not directly or indirectly own any shares of capital stock or any other equity interest in any Person.

4.2 Due Authorization. Seller has all requisite corporate power and authority to enter into this Agreement and its Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Seller of this Agreement and its Related Agreements, and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly and validly approved by Seller and no other corporate actions or proceedings on the part of Seller are necessary to authorize this Agreement, its Related Agreements and the transactions contemplated hereby and thereby. Seller has duly and validly executed and delivered this Agreement and has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) its Related Agreements. Assuming due authorization, execution and delivery of this Agreement and its Related Agreements by the other parties hereto and thereto, this Agreement constitutes a legal, valid and binding obligation of Seller, and each of its Related Agreements constitute (or upon execution and delivery by Seller will constitute) legal, valid and binding obligations of Seller, in each case, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect that affect the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies and by principles of equity (collectively, "Enforceability Limitations").

4.3 Consents and Approvals; Authority Relative to this Agreement.

(a) Except as set forth in Schedule 4.3, no consent, authorization or approval of, or filing or registration with, any Governmental Authority or any other Person not a party to this Agreement has not been obtained which is necessary in connection with the execution, delivery or performance by Seller of this Agreement or any of its Related Agreements or the consummation by Seller of the transactions contemplated hereby or thereby.

(b) Except as set forth in Schedule 4.3, the execution, delivery and performance by Seller of this Agreement and its Related Agreements, and the consummation by Seller of the transactions contemplated hereby and thereby, do not and

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will not (i) violate any material Law applicable to or binding on Seller or the Assets; (ii) violate or conflict with, result in a breach or termination of, constitute a default or give any third party any additional right (including a termination right) under, permit cancellation of, result in the creation of any Lien upon any of the Purchased Assets under, or result in or constitute a circumstance which, with or without notice or lapse of time or both, would constitute any of the foregoing under, any Contract to which Seller is a party or by which Seller or any of the Purchased Assets are bound, except where such violation, conflict, breach, termination, default, right, cancellation or Lien would be immaterial and would not materially affect the ability of Seller to consummate the transactions contemplated by this Agreement, (iii) permit the acceleration of the maturity of any indebtedness of Seller or indebtedness secured by any of the Purchased Assets; or (iv) violate or conflict with any provision of the certificate of incorporation or by-laws of Seller.

4.4 Financial Statements; Undisclosed Liabilities.

(a) Except as set forth in Schedule 4.4, the Financial Statements have been prepared in accordance with U.S. GAAP and the accounting principles, practices and procedures set forth on Schedule 3.2 consistently applied (except that the financial statements as of and for the period ended June 30, 2001 have not been prepared in accordance with U.S. GAAP) and present fairly the financial position of Seller as of the date thereof and the results of operations and cash flows of Seller for the period covered thereby. The Financial Statements are in accordance with the books and records of Seller.

(b) Except as set forth in Schedule 4.4 or in the Financial Statements, Seller has no liabilities, debts or obligations which were required to be reported in a balance sheet as of June 30, 2001 prepared in accordance with U.S. GAAP.

(c) Except as set forth in Schedule 4.4 and other than liabilities, debts and obligations which were incurred in the Ordinary Course of Business or which are not material, since June 30, 2001, Seller has incurred no liabilities, debts or obligations which would be required to be reported in accordance with U.S. GAAP in a balance sheet dated and effective as of the date hereof.

4.5 No Adverse Effects or Changes. Except as listed in Schedule 4.5 and for the Excluded Obligations, since June 30, 2001, Seller has not:

(a) suffered any event (or series of related events) having an effect on the business, operations, results of operations or financial condition of Seller as a whole which involves an aggregate amount in excess of $550,000 and is adverse to Seller, excluding matters that are general industry wide developments;

(b) suffered any damage, destruction or loss in excess of $75,000 in the aggregate to any of its material assets that was not covered by insurance;

(c) sold, transferred, conveyed or otherwise disposed of, or encumbered with any Lien (other than Permitted Liens), any asset having an individual book value in

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excess of $20,000, except in the Ordinary Course of Business and consistent with past practice;

(d) made any material changes in its accounting principles or practices;

(e) entered into any material transaction with any of its Affiliates;

(f) made any borrowings or incurred any material debt (other than borrowings made and debt incurred in the Ordinary Course of Business and consistent with past practice), or assumed, guaranteed, endorsed (except for the negotiation or collection of negotiable instruments in transactions in the Ordinary Course of Business and consistent with past practice) or otherwise become liable (whether directly, contingently or otherwise) for any material obligations of any other Person;

(g) made any loans or capital contributions to, or investments in, any other Person;

(h) acquired or leased any assets having an individual book value in excess of $20,000 except in the Ordinary Course of Business and consistent with past practice;

(i) paid any amount, performed any obligation or agreed to pay any amount or perform any obligation, in settlement or compromise of any suits or claims of liability against Seller or any of its directors, officers or employees, except in the Ordinary Course of Business and consistent with past practice; or

(j) entered into any other material Contract other than in the Ordinary Course of Business and consistent with past practice.

4.6 Title to Properties. Except as disclosed in Schedule 4.6, Seller has good title to, and is the lawful owner of, all of the Purchased Assets, free and clear of any Lien other than Permitted Liens. Except as set forth in Schedule 4.6 and subject to obtaining all consents, authorizations and approvals set forth in Schedule 4.3, Seller has the full right to sell, convey, transfer, assign and deliver the Purchased Assets to Purchaser. Except as set forth in Schedule 4.6 and subject to obtaining all consents, authorizations and approvals set forth in Schedule 4.3, at the Closing Seller shall convey to Purchaser good title to all of the Purchased Assets, free and clear of any Lien except for Permitted Liens.

4.7 Condition of Assets. Except as disclosed in Schedule 4.7, to Seller's knowledge, all of the tangible Assets, whether real or personal, owned or leased, are in reasonable operating condition and repair (with the exception of normal wear and tear) for the purposes of Seller's business as currently operated.

4.8 Real Property.

(a) Schedule 4.8 includes a true, accurate and complete list of each parcel of land that is owned or leased by Seller and the street address of such parcel. Except as disclosed in Schedule 4.8, Seller does not hold any real estate under any real property lease. Except as disclosed in Schedule 4.8, the activities carried on by Seller in all

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buildings, plants and other structures located on or at the Real Property, and the buildings, plants and other structures themselves in which Seller carries on such activities, are not in material violation of, or in material conflict with, any applicable zoning regulation or ordinance or any other similar Law applicable to or binding on Seller or any of the Real Property. Seller has made available to Purchaser true and complete copies of all reports (if any) of any environmental consultants in its possession relating to any of the Real Property.

(b) Except as set forth on Schedule 4.8, none of the Real Property is subject to any Lien, easement, right-of-way, or building or use restriction, other than Permitted Liens.

(c) Except as disclosed in Schedule 4.8, there is no pending, or, to Seller's knowledge, threatened, proceeding or action by any Governmental Authority to condemn or take by the power of eminent domain (or to purchase in lieu thereof) all or any part of the Real Property.

(d) Except as set forth on Schedule 4.8, Seller is not a party to, and none of the Real Property is subject to, any leases, license agreements, occupancy agreements or amendments thereto which will be binding on the Real Property or Purchaser on or after the date of Closing, and Seller is not a party to, and none of the Real Property is subject to, any other contractual agreements or instruments which would be binding upon the Real Property or Purchaser on or after the date of Closing, except the Purchased Contracts.

(e) To Seller's knowledge, there are no lease brokerage agreements, leasing commission agreements or other agreements providing for payments of any amounts for leasing activities or procuring tenants with respect to the Real Property.

(f) True and complete copies of the most recent real estate tax bills for the Real Property received by Seller have been delivered to Purchaser. Except as disclosed, Seller has not filed, and has not retained anyone to file, notices of protests against, or to commence action to review, real property tax assessments against the Real Property. There are no pending real estate tax assessment protests or proceedings with respect to the Real Property.

(g) To Seller's knowledge, Seller has not received any written notice from any insurance company or board of fire underwriters of any defects or inadequacies in or on the Real Property or any part or component thereof that would materially and adversely affect the insurability of the Real Property or cause any material increase in the premiums for insurance for the Real Property that have not been cured or repaired.

4.9 Equipment. Schedule 4.9 includes an accurate and complete list as of June 30, 2001 of all material equipment owned by Seller. Schedule 4.9 also sets forth an accurate and complete list of each Personal Property Lease having aggregate minimum lease payments in excess of $10,000. Seller has made available to Purchaser true and complete copies of all such Personal Property Leases.

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4.10 Inventories. Schedule 4.10 contains a list of all inventories of Seller as of June 30, 2001, which list is accurate and complete in all material respects.

4.11 Accounts Receivable; Advances. Schedule 4.11 contains an accurate and complete aging schedule as of June 30, 2001 of all accounts receivable due to Seller resulting from goods sold or services provided by Seller and a list of all loans and advances by Seller to third parties. Except as disclosed in Schedule 4.11, each Account Receivable in excess of $10,000 represents a sale made or service provided in the Ordinary Course of Business.

4.12 Intellectual Property. Schedule 4.12 is an accurate and complete list of all material Owned Intellectual Property that is registered with a governmental agency, all material unregistered trademarks included in the Owned Intellectual Property and all material Intellectual Property Licenses. Except as disclosed in Schedule 4.12:

(a) all of the Owned Intellectual Property is owned by Seller free and clear of all Liens, and is not subject to any license, royalty or other agreement to which Seller is party, and Seller has not granted any license or agreed to pay or receive any royalty in respect of any Owned Intellectual Property; and

(b) none of the Owned Intellectual Property or any Intellectual Property licensed to Seller under an Intellectual Property License ("Licensed Intellectual Property") is (i) the subject of any, to Seller's knowledge (with respect to Licensed Intellectual Property only), pending, or, to Seller's knowledge (with respect to Owned Intellectual Property and Licensed Intellectual Property), threatened, litigation or claim of infringement against Seller or (ii) to Seller's knowledge (with respect to Licensed Intellectual Property only), claimed to be invalid or, to Seller's knowledge (with respect to Owned Intellectual Property and Licensed Intellectual Property), invalid.

4.13 Contracts. Schedule 4.13 is an accurate and complete list of all the executory Contracts of the following types to which Seller is a party or by which it is bound, or to which any of the Purchased Assets is subject:

(a) any Contract which requires a payment by any party in excess of, or a series of payments which in the aggregate exceed, $20,000 or provides for the delivery of goods or performance of services, or any combination thereof, having a value in excess of $20,000, and which, in any case, has not been entered into in the Ordinary Course of Business;

(b) any collective bargaining agreement;

(c) any Contract with a sales representative, manufacturer's representative, distributor, dealer, broker, sales agency, advertising agency or other Person engaged in sales, distributing or promotional activities, or any Contract to act as one of the foregoing on behalf of any Person;

(d) any Contract pursuant to which Seller has made or will make loans or advances, or has or will have incurred indebtedness for borrowed money or become a guarantor or surety or pledged its credit for or otherwise become responsible with respect

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to any undertaking of another Person (except for the negotiation or collection of negotiable instruments in transactions in the Ordinary Course of Business);

(e) any Contract involving a partnership, joint venture or other cooperative undertaking;

(f) any Contract involving any restrictions with respect to the geographical area of operations or scope or type of business of Seller; or

(g) any power of attorney or Contract with any Person pursuant to which such Person is granted the authority to act for or on behalf of Seller or Seller is granted the authority to act for or on behalf of any Person.

Seller has made available to Purchaser accurate and complete copies of each Contract listed in Schedules 4.12 and 4.13. Except as disclosed in Schedule 4.13, each such Contract is in full force and effect and constitutes a legal, valid and binding obligation of Seller and, to Seller's knowledge, the other parties thereto, enforceable against the Seller and, to Seller's knowledge, the other parties thereto in accordance with its terms, subject to Enforceability Limitations.

4.14 Permits. Schedule 4.14 is an accurate and complete list of all material Permits (other than Environmental Permits) held by Seller. Except as set forth in Schedule 4.14, all the Permits so listed are in full force and effect and Seller has not received any notice that any such Permit will be revoked or canceled. Except for the Permits listed on Schedule 4.14 and except for such Permits the failure to have which would be immaterial, there are no Permits (other than Environmental Permits) which are necessary for Seller to operate its business as currently conducted.

4.15 Insurance.

(a) Schedule 4.15 contains an accurate and complete list of all material policies of fire, liability, workers' compensation, title and other forms of insurance owned or held by Seller, and Seller has made available to Purchaser accurate and complete copies of all such policies, other than policies relating to Seller's employee benefit plans.

(b) Schedule 4.15 contains an accurate and complete list of all claims in excess of $10,000 which have been made by Seller since January 1, 1999 under any workers' compensation, general liability, property or other insurance policy.

4.16 Employment and Labor Matters.

(a) Seller has made available to Purchaser an accurate and complete list of the names, titles or job descriptions and annual compensation for the preceding fiscal year, of all the employees and officers of Seller. Except as described in Schedule 4.16, (i) Seller is not a party to any collective bargaining agreement; (ii) since January 1, 1999, to Seller's knowledge, none of Seller's employees have been subject to any organizing campaign by any union or local chapter of any union; (iii) since January 1, 1999, Seller has not been subject to any claim, lawsuit or cause of action with respect to, or to Seller's

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knowledge any threatened claim of, an unfair labor practice or a discrimination, wrongful discharge, constructive discharge or wage and hour matter relating to employees of Seller; and (iv) there is, and since January 1, 1999 there has been, no labor strike, material labor dispute, material labor slow-down, material work stoppage or other material labor difficulty pending or, to Seller's knowledge, threatened, against Seller.

(b) Seller is in compliance with all applicable laws, rules and regulations concerning employment, employment practices, leave, safety, discrimination, harassment, immigration, labor relations, wages, hours and the payment of withholding Taxes, except in each case, where such non-compliance has been remedied or would be immaterial. Seller has withheld and paid to the appropriate Governmental Authority, or is holding for the payment not yet due to any such authority, all amounts required by law or agreement to be withheld from the salaries or wages of the employees of Seller. Schedule 4.16 sets forth as of the Closing Date a list of independent contractors and consultants retained by Seller at any time during the twelve (12) months prior to the Closing Date for each of Seller's plants in Blandon, Pennsylvania and Summerville, South Carolina.

4.17 Capital Improvements. Schedule 4.17 describes each capital improvement and capital expenditure in excess of $20,000 individually which Seller has committed to or contracted for and which has not been completed prior to the date hereof and the cost and expense reasonably estimated to complete such work.

4.18 Taxes. Seller has filed on a timely basis all material Tax Returns, as required by applicable Law, and paid all Taxes shown as due and payable on such Tax Returns, except for any failure to file or pay that could not result in a liability of Purchaser for Taxes of Seller or result in a Lien on the Purchased Assets.

4.19 No Defaults or Violations. Except as disclosed in Schedule 4.19:

(a) Seller has not breached the provisions of, and is not in default under the terms of, any Purchased Contract, and, to Seller's knowledge, no other party to any Purchased Contract has breached the provisions of, or is in default under the terms of, any Purchased Contract, except in each case, where such breach or default has been remedied or would be immaterial;

(b) excluding (i) Laws relating to Taxes (as matters relating to Tax Laws are set forth in Section 4.18) and (ii) Environmental Laws (as matters relating to Environmental Laws are set forth in Section 4.20), Seller is in compliance with all Laws applicable to or binding on it or any of the Assets and Real Property, except where the failure to so comply would be immaterial; and

(c) excluding (i) Laws relating to Taxes (as matters relating to Tax Laws are set forth in Section 4.18) and (ii) Environmental Laws (as matters relating to Environmental Laws are set forth in Section 4.20), since January 1, 1999 no notice from any Governmental Authority has been received by Seller claiming any violation by Seller

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of any Law applicable to or binding on it or any of the Assets or Real Property, except where such violation would be immaterial.

4.20 Environmental Matters. Except as disclosed in Schedule 4.20:

(a) Seller, the Business and the Real Property are in compliance with all Environmental Laws, except where the failure to so comply would be immaterial;

(b) Schedule 4.20(b) is an accurate and complete list of all material Environmental Permits held by Seller;

(c) Seller is in possession of all Environmental Permits, if any, required for the conduct or operation of its business, and is in compliance with all of the requirements and limitations included in such Environmental Permits except where the failure to possess such Environmental Permits or to so comply would be immaterial;

(d) during the period of Seller's ownership of the Real Property, there have been no Hazardous Substances in, on, or at any of the Real Property, and there have been no releases of Hazardous Substances in, on or at any of the Real Property, except for Hazardous Substances which were used or are used in the Ordinary Course of Business and which have been stored and used in accordance with all applicable Environmental Laws and Environmental Permits, including all so-called "Right To Know Laws", and except for such Hazardous Substances, usage or storage that would be immaterial;

(e) there are no landfills, surface impoundments, disposal areas, or underground storage tanks on the Real Property, except for such landfills, surface impoundments, disposal areas, or underground storage tanks that would be immaterial.

(f) since January 1, 1996 no notice from any Governmental Authority has been received by Seller claiming that Seller is in violation of any Environmental Law or Environmental Permit, or that Seller is responsible (or potentially responsible) for the cleanup or remediation of any substances at any location, except, in each case, for violations, cleanups or remediations that would be immaterial;

(g) Seller is not the subject of any pending, or, to Seller's knowledge, threatened, litigation or proceedings in any forum, judicial or administrative, involving a demand for damages, injunctive relief, penalties or other potential liability with respect to violations of any Environmental Law, except for such violations that would be immaterial; and

(h) Seller has timely filed all reports and notifications required to be filed by it, and has generated and maintained all required records and data, under all applicable Environmental Laws, except where the failure to so file, generate or maintain would be immaterial.

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4.21 Litigation.

(a) Except as disclosed in Schedule 4.21, there are no material actions, suits, arbitrations, proceedings or other litigation pending, or, to Seller's knowledge, threatened, against Seller or any of its officers, directors, employees or stockholders in their capacity as such before any court or any other Governmental Authority. Except as disclosed in Schedule 4.21, Seller is not subject to any material order, judgment, decree, injunction, stipulation or consent order of or with any court or other Governmental Authority, other than orders having application to the business in which Seller is engaged as a whole or other industry-wide matters.

(b) There are no actions, suits, proceedings or other litigation pending, or, to Seller's knowledge, threatened, by or against Seller or any of its Affiliates with respect to this Agreement or the Related Agreements, or in connection with the transactions contemplated hereby or thereby.

4.22 Customers and Suppliers.

(a) Schedule 4.22 sets forth:

(i) an accurate and complete list of the twenty (20) largest customers of Seller in terms of revenue during each of the 1999 and 2000 fiscal years and the period of January 1 through September 30, 2001 (collectively, the "Major Customers"), showing the total revenue received by Seller in each such period from each such customer; and

(ii) an accurate and complete list of the ten (10) largest suppliers to Seller in terms of purchases during each of the 1999 and 2000 fiscal years and the period of January 1 through September 30, 2001 (collectively, the "Major Suppliers"), showing the total purchases made by Seller in each such period from each such supplier.

(b) Except as set forth in Schedule 4.22, since June 30, 2000 there has been no material dispute between Seller and any Major Customer or any Major Supplier.

4.23 Sufficiency of Assets. The Purchased Assets, the Real Property, any personal property leased to Seller under the Personal Property Leases, any intellectual property licensed to Seller under the Intellectual Property Licenses and any Know-How to be licensed to Purchaser pursuant to the Know-How License and Technical Support Agreement together constitute all of the assets, properties and rights (except for the Excluded Assets) that are currently used by Seller in the Ordinary Course of Business.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

5.1 Due Incorporation. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of Nevada, with all requisite corporate power and authority

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to own, lease and operate its assets and to conduct its business as they are now being owned, leased, operated and conducted.

5.2 Due Authorization. Purchaser has all requisite corporate power and authority to enter into this Agreement and its Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and its Related Agreements, and the consummation by Purchaser of the transactions contemplated hereby and thereby, have been duly and validly approved by its board of directors and no other corporate actions or proceedings on the part of Purchaser are necessary to authorize this Agreement, its Related Agreements and the transactions contemplated hereby and thereby. Purchaser has duly and validly executed and delivered this Agreement and has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) its Related Agreements. Assuming due authorization, execution and delivery of this Agreement and its Related Agreements by the other parties hereto and thereto, this Agreement constitutes a legal, valid and binding obligation of Purchaser and its Related Agreements constitute (or upon execution and delivery by Purchaser will constitute) legal, valid and binding obligations of Purchaser, in each case, enforceable in accordance with their respective terms, except as such enforceability may be limited by Enforceability Limitations.

5.3 Consents and Approvals; Authority Relative to this Agreement.

(a) Except as set forth in Schedule 5.3, no consent, authorization or approval of, or filing or registration with, any Governmental Authority or any other Person not a party to this Agreement is necessary in connection with the execution, delivery or performance by Purchaser of this Agreement or any of its Related Agreements or the consummation by Purchaser of the transactions contemplated hereby or thereby.

(b) Except as set forth in Schedule 5.3, the execution, delivery and performance by Purchaser of this Agreement and its Related Agreements, and the consummation by Purchaser of the transactions contemplated hereby and thereby, do not and will not (i) violate any material Law applicable to or binding on Purchaser or any of its assets; (ii) violate or conflict with, result in a breach or termination of, constitute a default or give any third party any additional right (including a termination right) under, permit cancellation of, result in the creation of any Lien upon any of the assets of Purchaser under, or result in or constitute a circumstance which, with or without notice or lapse of time or both, would constitute any of the foregoing under, any Contract to which Purchaser is a party or by which Purchaser or any of its assets are bound; (iii) permit the acceleration of the maturity of any indebtedness of Purchaser or indebtedness secured by its assets; or (iv) violate or conflict with any provision of Purchaser's certificate of incorporation or by-laws.

5.4 Litigation. There are no actions, suits, proceedings or other litigation pending, or, to Purchaser's knowledge, threatened, by or against Purchaser or any of its Affiliates with respect to this Agreement or the Related Agreements, or in connection with the transactions contemplated hereby or thereby.

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5.5 Independent Investigation. In making the decision to enter into this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby, other than reliance on the representations, warranties, covenants and obligations of Seller set forth in this Agreement and in Seller's Related Agreements, Purchaser has relied solely on its own independent investigation, analysis and evaluation of Seller, its business and the Assets (including Purchaser's own estimate and appraisal of the value of the business, financial condition, operations and prospects of Seller and the Assets). Purchaser confirms to Seller that Purchaser is sophisticated and knowledgeable in the business of Seller and is capable of evaluating the matters set forth above.

5.6 Fair Market Value. Purchaser has determined that the fair market value of the Purchased Assets, in the aggregate, is no greater than the Purchase Price and the Assumed Obligations and is, in any event, less than $50,000,000.

5.7 Transaction Structure. All statements contained in the letter attached hereto as Schedule 5.7 are true and correct in all material respects and do not omit to state a material fact necessary to make the statements contained therein not misleading.

ARTICLE VI

COVENANTS

6.1 Implementing Agreement. Subject to the terms and conditions hereof, each Party shall take all action required of it to fulfill its obligations under the terms of this Agreement, including taking all commercially reasonable action necessary to obtain any required regulatory approval, and shall otherwise use all commercially reasonable efforts to facilitate the consummation of the transactions contemplated hereby. After Closing, (i) Seller shall promptly pay to Purchaser any amounts it receives which are Purchased Assets or which arise after Closing from Purchased Assets and (ii) Purchaser shall promptly pay to Seller any amounts its receives which are Excluded Assets or which arise after Closing from Excluded Assets.

6.2 Consents and Approvals. If a consent or approval is required by any third party to any of the Purchased Contracts and is not obtained at or before the Closing or if an attempted transfer, conveyance or assignment is ineffective, Seller shall cooperate with Purchaser in any commercially reasonable arrangement requested by Purchaser that provides to Purchaser the benefits under any such Purchased Contract and imposes on Purchaser the obligations and liabilities under such Purchased Contract.

6.3 Trademarks.

(a) Seller is not granting Purchaser a license to use, Seller is not transferring to Purchaser, and Purchaser shall not have any right, title or interest in or to, the "Etex" logo or the name "Etex" or any variation or derivation thereof, or any Internet domain name, logo, name, mark, variation or derivation incorporating any such logo, name, variation or derivation. Purchaser agrees, from and after 30 days after the Closing, to cease to use, directly or indirectly, and in any manner or form (including as a corporate or fictitious name, Internet domain name, trade name, trademark, service name or service

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mark), and to remove from the Assets, the "Etex" logo, the name "Etex" and any variations and derivations thereof, and any Internet domain name, logo, name, variation and derivation incorporating any such logo, name, variation or derivation, provided, that Purchaser may sell any finished goods inventory, and use any product brochures, packaging and price lists, which are in existence on the Closing Date and bear any "Etex" name or logo, for a period of six (6) months after the Closing Date; provided, further, that Purchaser shall not replenish any finished goods inventory, product brochures, packaging or price lists or any other Assets bearing the "Etex" name or logo during such 30-day or 6-month periods described above.

(b) Purchaser acknowledges that Seller and its Affiliates would be irreparably harmed by any breach of this Section 6.3 and that any relief under Article VIII will be inadequate to compensate Seller or such Affiliates for any such breach. Accordingly, Purchaser (on behalf of itself and its Affiliates) agrees that, in addition to any relief available under Article VIII, Seller and its Affiliates shall be entitled, without the necessity of proving actual damages or posting any bond, to injunctive relief against Purchaser (or its Affiliates) in the event of any breach or threatened breach by Purchaser (or its Affiliates) of its covenants and agreements in this Section 6.3 and Purchaser (on behalf of itself and its Affiliates) consents to the entry thereof.

6.4 Brokers. Regardless of whether the Closing shall occur, (i) Seller shall indemnify Purchaser and its Affiliates against, and hold Purchaser and its Affiliates harmless from, any and all liability for any brokers' or finders' fees or other commissions arising with respect to brokers or finders retained or engaged by Seller or any of its Affiliates in respect of the transactions contemplated by this Agreement, and (ii) Purchaser shall indemnify Seller and its Affiliates against, and hold Seller and its Affiliates harmless from, any and all liability for any brokers' or finders' fees or other commissions arising with respect to brokers or finders retained or engaged by Purchaser or any of its Affiliates in respect of the transactions contemplated by this Agreement.

6.5 Preservation of Books and Records; Access.

(a) For a period of seven years after the Closing Date, Purchaser shall preserve and retain all Information and Records and other accounting, legal, auditing, employee and other books and records (including any documents relating to any governmental or non-governmental claims, actions, suits, proceedings or investigations) relating to the conduct of the business of Seller and the ownership of assets of Seller on or prior to the Closing Date. Notwithstanding the foregoing, during such seven-year period, Purchaser may dispose of any such books and records which are offered to, but not accepted by, Seller. If at any time after such seven-year period Purchaser intends to dispose of any such books and records, Purchaser shall not do so without first offering such books and records to Seller.

(b) After the Closing Date, Purchaser shall permit Seller and its authorized representatives to have reasonable access to, and to inspect and copy, all Information and Records and books and records referred to in Section 6.5(a) and to meet with officers and employees of Purchaser on a mutually convenient basis in order to obtain explanations

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with respect to such Information and Records and books and records and to obtain additional information and to call such officers and employees as witnesses.

6.6 Employees; Employee Benefit Plans. Purchaser shall prior to the Closing Date, using its own unfettered discretion, extend written offers of employment to be effective one (1) day following the Closing Date to certain of Seller's employees that Purchaser desires to employ on the day following the Closing Date. Upon the acceptance of such employees of the offers of employment made to them by Purchaser, such employees shall be deemed to be Purchaser's employees ("Purchaser's Employees"). The employment of Purchaser's employees shall be governed by such terms and conditions of employment as determined in Purchaser's sole discretion.

6.7 Purchaser's Access to Information. For a period of seven years after the Closing Date, Seller shall preserve and retain corporate, records, employee records and other books and records relating to the Excluded Assets or Excluded Obligations which were included in the Excluded Assets. After the Closing Date, Seller shall permit Purchaser and its authorized representatives to have reasonable access to, and to inspect and copy, such information as is then in the possession of Seller and as Purchaser shall reasonably request.

6.8 Trademark "Cemplank". After the Closing Date, Seller shall not seek to register the trademark "Cemplank" with any Governmental Authority. Seller shall change its corporate name from "Cemplank" to some name not using the word "Cemplank" in Pennsylvania and South Carolina on or before the day which is ten (10) days after the Closing Date.

6.9 Interim Services.

(a) For one (1) month following the Closing Date, Seller shall use its commercially reasonable efforts to retain Mr. Toussaint Dolmans as an employee and make Mr. Dolmans available to perform such services as Purchaser shall reasonably request which are consistent with those services Mr. Dolmans performed for Seller in the Ordinary Course of Business. Mr. Dolmans shall not be required to perform more than forty (40) hours of such services per week in such capacity. After such month, Mr. Dolmans shall be made available on a more limited basis for consulting purposes to the extent he is reasonably available and Purchaser reasonably requests.

(b) For three (3) months following the Closing Date, Purchaser shall make employees of the Business reasonably available to Seller at the Blandon, Pennsylvania and Summerville, South Carolina facilities to assist Seller in the orderly wind-up of its affairs including the preparation of financial statements, tax returns, Forms W-2 and similar administrative documentation. Purchaser shall during the same period also grant Seller reasonable access to its facilities and assistance for the purpose of allowing it to assemble any Excluded Assets and arrange for their relocation.

(c) For the services of Mr. Dolmans performed pursuant to this Section, Purchaser shall pay to Seller any reasonable out-of-pocket expenses actually incurred by Seller or Mr. Dolmans in connection with the performance of such services.Such out-of-pocket expenses shall be reimbursed promptly following submission to Purchaser.

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(d) Mr. Dolmans shall not be deemed to be an employee of Purchaser, and none of Purchaser's employees providing services pursuant to this Section 6.9 shall be deemed to be an employee of Seller. Each of Mr. Dolmans and Purchaser's employees shall take direction solely from their respective employers.

6.10 Confidentiality. Seller shall keep confidential, and cause its Affiliates and instruct its and their officers, directors, employees and advisors to keep confidential, all information relating to the Purchased Assets and the Business, except (i) as required by law, administrative process or other public disclosure requirements, (ii) as required in the orderly wind-up of Seller's affairs, including the preparation of financial statements, tax returns, Forms W-2 and similar administrative matters, (iii) as may be required to enforce Seller's or its Affiliates' rights under this Agreement or the Related Agreements and (iv) for information which is available to the public on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 6.10.

6.11 Software. If Purchaser does not obtain software or rights in software under this Agreement or the Related Agreements which are necessary for Purchaser to operate the plants located in Blandon, Pennsylvania or Summerville, South Carolina as of the Closing Date in exactly the same manner as operated by Seller in the Ordinary Course of Business, then Seller shall provide or cause to be provided at Seller's expense such software or rights in such software necessary to so operate such plants; provided, however, that this section shall not apply to any of the software licensed to Seller pursuant to or in connection with the agreements listed on Schedule 4.3. Any expenses incurred by Seller in complying with this Section 6.11 shall be subject to the limitation on liability provisions set forth in Section 8.4 as though such expenses were indemnifiable Losses and/or payments dealt with under Article VIII, and such amounts shall be aggregated with all other payments under Article VIII for purposes thereof.

6.12 Access Easement. Seller will use its commercially reasonable efforts to acquire from (a) F & P Holdings, Inc. (formerly known as Can Corporation of America, Inc.) (referred herein as "F & P") and Greater Berks Development Fund an access easement to use Girard Street and Woodward Street, which are private streets owned by F&P and Greater Berks Development Fund, in order to gain access to that portion of the Property known as Tract "B" identified on the survey dated November 6, 2001 and prepared by SSM Group as Work No. 20279-00 ("Survey") by way of that portion of June Avenue dedicated to the public, (b) the owner of June Avenue (not dedicated to the public) an access easement to Tract B directly from June Avenue (not dedicated to the Public), or (c) the owner of Emil Street an access easement from Tract "B" to Tract "A" identified on the Survey. Seller will commence its efforts by January 15, 2002. Seller will use commercially reasonable efforts to keep Purchaser timely informed as to the status of its efforts and the parties shall cooperate regarding such efforts. In the event Seller transfers the Property to a third party, Seller shall nevertheless be required to continue its effort hereunder and shall use commercially reasonable efforts to require its transferee to reasonably cooperate with such efforts. For purposes of this Section, commercially reasonable efforts shall include the payment of any costs and fees in connection therewith, but in no event shall such costs and fees exceed $60,000 including, without limitation, any attorneys fees.

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ARTICLE VII

CLOSING

7.1 Closing. The Closing, and all transactions to occur at the Closing, shall be deemed to have taken place at, and shall be effective as of, 11:59 p.m. on the Closing Date.

7.2 Deliveries by Seller. At the Closing, Seller shall deliver to Purchaser the following:

(a) the Assignment and Assumption Agreement in the form set forth in Exhibit A duly executed by Seller;

(b) a Bill of Sale in the form set forth in Exhibit B duly executed by Seller;

(c) an affidavit stating, under penalties of perjury, Seller's taxpayer identification number and that Seller is not a "foreign person" as defined in section 1445 of the Code;

(d) certificates of title to any motor vehicles included in the Purchased Assets duly executed by Seller;

(e) assignments with respect to any Owned Intellectual Property in the form of Exhibit I, title to which is registered, recorded or filed with any U.S. federal or state Governmental Authority, in form suitable for registration, recordation or filing with such Governmental Authority, in each case duly executed by Seller;

(f) a certificate of the secretary or an assistant secretary of Seller certifying resolutions of the board of directors and stockholders of Seller approving and authorizing the execution, delivery and performance by Seller of this Agreement and its Related Agreements and the consummation by Seller of the transactions contemplated hereby and thereby (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Seller);

(g) the certificate of incorporation of Seller, certified by the Secretary of State of Pennsylvania as of a recent date, and the by-laws of Seller, certified by the secretary or an assistant secretary of Seller;

(h) a certificate of good standing for Seller from the Commonwealth of Pennsylvania and State of South Carolina as of a recent date;

(i) the Guarantee Agreement in the form set forth in Exhibit C duly executed by International Building Materials, S.A.;

(j) an opinion, dated the Closing Date, of Mayer, Brown & Platt, counsel to Seller, to the effect set forth in Exhibit F-1;

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(k) an opinion, dated the Closing Date, of Stevens & Lee, Pennsylvania counsel to Seller, to the effect set forth in Exhibit F-2;

(l) an opinion, dated the Closing Date, of Hubert Debout, to the effect set forth in Exhibit F-3;

(m) the Know-How License and Technical Support Agreement in the form set forth in Exhibit D duly executed by Redco S.A., Manasco S.A. and Seller;

(n) Special Warranty Deeds, in the form of Exhibit H with respect to the transfer of the Non-Commercial Real Property, duly executed by Seller;

(o) a certificate of a Director of International Building Materials, S.A. certifying resolutions of the board of directors of International Building Materials, S.A. approving and authorizing the execution, delivery and performance by it of the Guarantee Agreement and the consummation of the transactions contemplated thereby (together with an incumbency and signature certificate regarding the authorized signatories);

(p) a certificate of a Director of each of Redco, S.A. and Manasco S.A. certifying resolutions of the board of directors of each such company approving and authorizing the execution, delivery and performance by each of them of the Know-How License and Technical Support Agreement and the consummation of the transactions contemplated thereby (together with incumbency and signature certificates regarding the authorized signatories);

(q) the Side Letter in the form set forth in Exhibit J duly executed by International Building Materials, S.A.;

(r) evidence of termination of the Eureka Agreement;

(s) the Conversion Agreement duly executed by Seller; and

(t) such other documents and instruments as may be required by any other provision of this Agreement or any Related Agreement or as may reasonably be required to consummate the transactions contemplated by this Agreement and the Related Agreements.

7.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver to Seller the following:

(a) the Assignment and Assumption Agreement duly executed by Purchaser;

(b) the amount payable to Seller at the Closing pursuant to Section 3.1(b);

(c) a certificate of the secretary or an assistant secretary of Purchaser certifying resolutions of the board of directors of Purchaser approving and authorizing the execution, delivery and performance by Purchaser of this Agreement and its Related Agreements and the consummation by Purchaser of the transactions contemplated hereby

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and thereby (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Purchaser);

(d) the certificate of incorporation of Purchaser, certified by the Secretary of State of the State of Nevada as of a recent date, and the by-laws of Purchaser, certified by the secretary or an assistant secretary of Purchaser;

(e) a certificate of good standing for Purchaser from the State of Nevada as of a recent date;

(f) tax resale certificates with respect to the Inventory duly executed by Purchaser;

(g) the Guarantee Agreement in the form set forth in Exhibit C duly executed by Purchaser;

(h) the Know-How License and Technical Support Agreement in the form set forth in Exhibit D duly executed by Purchaser;

(i) the Side Letter in the form set forth in Exhibit J duly executed by Purchaser;

(j) an opinion, dated the Closing Date, of Patton Boggs LLP, counsel to Purchaser and an opinion, dated the Closing Date, of McDonald Carano Wilson McCune Bergin Frankovich & Hicks LLP, Nevada counsel to Purchaser, to the effect set forth in Exhibit G;

(k) the Conversion Agreement duly executed by Purchaser; and

(l) such other documents and instruments as may be required by any other provision of this Agreement or any Related Agreement or as may reasonably be required to consummate the transactions contemplated by this Agreement and the Related Agreements.

ARTICLE VIII

INDEMNIFICATION

8.1 Survival. The representations and warranties of the Parties and of Redco S.A. and Manasco S.A. contained herein and in the Related Agreements shall survive the Closing for a period of two (2) years after the Closing, except that (i) Environmental Warranties and Know-How Warranties shall survive the Closing for a period of five (5) years after the Closing, (ii) Tax Warranties shall survive until the Tax Statute of Limitations Date, (iii) the representations and warranties contained in Sections 5.6 and 5.7 and Title and Authorization Warranties shall survive forever. Neither Purchaser, Seller, Redco S.A. nor Manasco S.A. shall have any liability with respect to claims first asserted in connection with any representation or warranty after the survival period specified therefor in this Section 8.1.

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8.2 Indemnification by Seller. Subject to Section 8.4, Seller agrees to indemnify Purchaser and its Affiliates against, and agrees to hold Purchaser and its Affiliates harmless from, any and all Losses incurred or suffered by Purchaser and its Affiliates arising out of any of the following:

(a) any breach of or any inaccuracy in any representation or warranty (x) made by Seller in this Agreement or any Related Agreement or any document delivered by Seller at the Closing and specifically listed in Article VII and (y) made by Redco S.A. or Manasco S.A. in the Know-How License and Technical Support Agreement; provided, that neither Seller, Redco S.A. nor Manasco S.A. shall have any liability under this Section 8.2(a) for any breach of or inaccuracy in any representation or warranty unless (i) in the case of all representations and warranties, except for Environmental Warranties, Know-How Warranties, Tax Warranties and Title and Authorization Warranties, a notice of Purchaser's claim is given to Seller not later than the close of business on the second anniversary of the Closing Date, (ii) in the case of Environmental Warranties and Know-How Warranties, a notice of Purchaser's claim is given to Seller not later than the close of business on the fifth anniversary of the Closing Date, and (iii) in the case of Tax Warranties, a notice of Purchaser's claim is given to Seller not later than the close of business on the Tax Statute of Limitations Date;

(b) any breach of or failure (x) by Seller to perform any covenant or obligation of Seller set out in this Agreement or any Related Agreement or any document delivered by Seller at the Closing and specifically listed in Article VII and (y) by Redco S.A. or Manasco S.A. to perform any covenant or obligation of Redco S.A. or Manasco S.A. in the Know-How License and Technical Support Agreement; provided, that neither Seller, Redco S.A. nor Manasco S.A. shall have any liability under this Section 8.2(b) for any breach or failure occurring on or prior to the Closing Date unless a notice of Purchaser's claim is given to Seller not later than the close of business on the second anniversary of the Closing Date; and provided, further, that neither Seller, Redco S.A. nor Manasco S.A. shall have any liability under this Section 8.2(b) with respect to any breach of the covenants contained in Article IV of the Know-How License and Technical Support Agreement; or

(c) severance agreements entered into between Seller and the individuals listed on Schedule 8.2(c).

8.3 Indemnification by Purchaser. Purchaser agrees to indemnify Seller and its Affiliates against, and agrees to hold Seller and its Affiliates harmless from, any and all Losses incurred or suffered by Seller and its Affiliates arising out of any of the following:

(a) any breach of or any inaccuracy in any representation or warranty made by Purchaser in this Agreement or any Related Agreement or any document delivered by Purchaser at the Closing and specifically listed in Article VII; provided, that Purchaser shall have no liability under this Section 8.3(a) for any breach of or inaccuracy in any representation or warranty unless in the case of all representations and warranties, except for Title and Authorization Warranties and the representations and warranties contained

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in Sections 5.6 and 5.7, a notice of Seller's claim is given to Purchaser not later than the close of business on the second anniversary of the Closing Date;

(b) any breach of or failure by Purchaser to perform any covenant or obligation of Purchaser set out in this Agreement or any Related Agreement or any document delivered by Purchaser at the Closing and specifically listed in Article VII; provided, that Purchaser shall have no liability under this Section 8.3(b) for any breach or failure occurring on or prior to the Closing Date unless a notice of Seller's claim is given to Purchaser not later than the close of business on the second anniversary of the Closing Date;

(c) (i) any act or failure to act, any transaction, or any facts or circumstances undertaken or caused by Purchaser with respect to the termination by Purchaser of any Purchaser's Employee subsequent to the Closing, (ii) any and all Liability arising under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964 and the Americans with Disabilities Act from Purchaser's failure to offer employment to any of Seller's employees prior to or subsequent to, or at Closing, (iii) any and all Liability under the Worker Adjustment and Retraining Notification Act (including any Liabilities of Seller resulting from any failure to give advance notice to employees of employee terminations contemplated hereby) and any state or local Laws that are similar to any of the foregoing, and (iv) with respect to any Purchaser's Employee and events occurring after the Closing, any and all Liability under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the National Labor Relations Act, the Fair Labor Standards Act, any state or local Laws that are similar to any of the foregoing and any and all common law causes of action including for breach of contract, defamation or retaliatory discharge, and any alleged right to workers' compensation benefits, unemployment compensation or statutory or contractual severance; or

(d) the Assumed Obligations or, other than the Excluded Obligations, any debts, claims, obligations or other liabilities relating to or arising out of the ownership or operation after the Closing of the Assets or the business previously conducted by Seller prior to the Closing, including any changes to production processes by Purchaser.

8.4 Limitations on Liability. Notwithstanding any other provision of this Agreement:

(a) Purchaser shall have the right to payment by Seller under Section 8.2(a) only if, and only to the extent that, Purchaser shall have incurred (i) as to any particular inaccuracy or breach, indemnifiable Losses in excess of $20,000 and (ii) as to all inaccuracies and breaches, indemnifiable Losses (other than as excluded in clause (i)) in excess of $550,000.

(b) Neither Seller, Redco S.A. nor Manasco S.A. shall have any liability under or in connection with this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including under Section 6.11, Section 8.2 or otherwise for any breach of or inaccuracy in any representation or warranty or for any breach of any covenant or obligation or for any other reason) in excess of (i) as to all representations, warranties, covenants, obligations and other reasons, other than Title and Authorization

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Warranties, $13,500,000 in the aggregate, and (ii) as to Title and Authorization Warranties, the Purchase Price in the aggregate; provided, that in no event shall Seller's, Redco S.A.'s and Manasco S.A.'s aggregate liability for any and all matters referred to in clauses (i) and (ii) exceed the Purchase Price in the aggregate.

(c) Seller shall have the right to payment by Purchaser under Section 8.3(a) only if, and only to the extent that, Seller shall have incurred (i) as to any particular inaccuracy or breach, indemnified Losses in excess of $20,000 and (ii) as to all inaccuracies and breaches, indemnifiable Losses (other than as excluded in clause (i)) in excess of $550,000; provided, however, that the foregoing limitations shall not apply to any breach of or inaccuracy in the representations and warranties set forth in Section 5.6 or 5.7.

(d) Purchaser shall have no liability under or in connection with this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including under Section 8.3 or otherwise for any breach of or inaccuracy in any representation or warranty or for any breach of any covenant or obligation or for any other reason) in excess of (i) as to all representations, warranties, covenants, obligations and other reasons, other than Title and Authorization Warranties and the representations and warranties set forth in Section 5.6 or 5.7, $13,500,000 in the aggregate, and (ii) as to Title and Authorization Warranties, the Purchase Price in the aggregate; provided, that in no event shall Purchaser's aggregate liability for any and all matters referred to in clause (i) and (ii) exceed the Purchase Price in the aggregate. The obligation of Purchaser to indemnify Seller for a breach of representation or warranty set forth in Section 5.6 or 5.7 shall have no limit.

(e) No party to this Agreement or the Related Agreements shall have any liability hereunder or thereunder or arising in connection herewith or therewith for special, speculative, punitive, indirect or consequential damages or for lost profits.

(f) The sole and exclusive liability and responsibility of Seller and its Affiliates to Purchaser and its Affiliates and of Purchaser and its Affiliates to Seller and its Affiliates under or in connection with the Assets or this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including for any breach of or inaccuracy in any representation or warranty or for any breach of any covenant or obligation or for any other reason), and the sole and exclusive remedy of either Party and their Affiliates with respect to any of the foregoing, shall be as set forth in this Article VIII and in Section 6.4; provided, however, that the foregoing is not intended to limit any party's ability to obtain injunctive relief to the extent specifically permitted in the Know-How License and Technical Support Agreement; and provided, further, that this Article VIII shall not apply to Article IV of the Know-How License and Technical Support Agreement and that the Parties' acknowledge and agree that Purchaser shall not be precluded from enforcing its rights against Cemplank, Redco S.A. or Manasco S.A. under the Know-How License And Technical Support Agreement but that the limitations on liability set forth in Section 8.4 hereof shall apply thereto (except to Article IV of the Know-How License and Technical Support Agreement).

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(g) To the extent that Purchaser or any of its Affiliates has any Losses for which it may assert any other right to indemnification, contribution or recovery from Seller or any of its Affiliates (except as provided in Section 8.4(f), whether under this Agreement or under any common law or any statute, including any Environmental Law, or otherwise), Purchaser hereby waives, releases and agrees not to assert such right, and Purchaser agrees to cause each of its Affiliates to waive, release and agree not to assert such right. Notwithstanding the foregoing, nothing in this Section 8.4 shall limit or restrict either Party's right to maintain or recover on any action based upon common law fraud.

(h) For the avoidance of doubt, all payments made by Seller under Section 6.11 hereof and this Article VIII shall be aggregated with all payments made under the Guarantee Agreement for purposes of determining whether the limitations on liability set forth in the Guarantee Agreement (and under this Agreement) have been satisfied.

8.5 Claims. As promptly as is reasonably practicable after becoming aware of a claim for indemnification under this Agreement not involving a claim, or the commencement of any suit, action or proceeding, of the type described in Section 8.6, but in any event no later than ten (10) Business Days after first becoming aware of such claim, the Indemnified Person shall give notice to the Indemnifying Person of such claim, which notice shall specify the facts alleged to constitute the basis for such claim, the representations, warranties, covenants and obligations alleged to have been breached and the amount that the Indemnified Person seeks hereunder from the Indemnifying Person, together with such information as may be necessary for the Indemnifying Person to determine that the limitations in Section 8.4 have been satisfied or do not apply; provided, that the failure of the Indemnified Person to give such notice shall not relieve the Indemnifying Person of its obligations under this Article VIII except to the extent (if any) that the Indemnifying Person shall have been prejudiced thereby.

8.6 Notice of Third Party Claims: Assumption of Defense. The Indemnified Person shall give notice as promptly as is reasonably practicable, but in any event no later than five (5) Business Days after receiving notice thereof, to the Indemnifying Person of the assertion of any claim, or the commencement of any suit, action or proceeding, by any Person not a party hereto in respect of which indemnity may be sought under this Agreement (which notice shall specify in reasonable detail the nature and amount of such claim together with such information as may be necessary for the Indemnifying Person to determine that the limitations in Section 8.4 have been satisfied or do not apply); provided, that the failure of the Indemnified Person to give such notice shall not relieve the Indemnifying Person of its obligations under this Article VIII except to the extent (if any) that the Indemnifying Person shall have been prejudiced thereby. The Indemnifying Person may, at its own expense, (a) participate in the defense of any such claim, suit, action or proceeding and (b) upon notice to the Indemnified Person, at any time during the course of any such claim, suit, action or proceeding, assume the defense thereof with counsel of its own choice and in the event of such assumption, shall have the exclusive right, subject to clause (i) of Section 8.7, to settle or compromise such claim, suit, action or proceeding. If the Indemnifying Person assumes such defense, the Indemnified Person shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Person. Whether or not the Indemnifying

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Person chooses to defend or prosecute any such claim, suit, action or proceeding, all of the parties hereto shall cooperate in the defense or prosecution thereof.

8.7 Settlement or Compromise. Any settlement or compromise made or caused to be made by the Indemnified Person (unless the Indemnifying Person has the exclusive right to settle or compromise under clause (b) of Section 8.(6)) or the Indemnifying Person, as the case may be, of any such claim, suit, action or proceeding of the kind referred to in Section 8.6 shall also be binding upon the Indemnifying Person or the Indemnified Person, as the case may be, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of such settlement or compromise; provided, that (i) no obligation, restriction or Loss shall be imposed on the Indemnified Person as a result of such settlement or compromise without its prior written consent, which consent shall not be unreasonably withheld, and (ii) the Indemnified Person will not compromise or settle any claim, suit, action or proceeding without the prior written consent of the Indemnifying Person, which consent shall not be unreasonably withheld.

8.8 Time Limits. Any right to indemnification or other recovery under this Article VIII shall only apply to Losses with respect to which the Indemnified Person shall have notified the Indemnifying Person within the applicable time period set forth in Section 8.2 or 8.3, as the case may be. If any claim for indemnification or other recovery is timely asserted under this Article VIII, the Indemnified Person shall have the right to bring an action, suit or proceeding with respect to such claim within one year after first giving the Indemnifying Person notice thereof, but may not bring any such action, suit or proceeding thereafter.

8.9 Knowledge. Notwithstanding anything contained herein to the contrary, no party shall have (a) any liability for any breach of or inaccuracy in any representation or warranty by such party, if the other party or any of its officers, employees, counsel or other representatives (i) had knowledge at or before the Closing of the facts as a result of which such representation or warranty was breached or inaccurate or (ii) received at or before the Closing a document disclosing such facts or (b) any liability after the Closing for any breach of or failure to perform any covenant or obligation of such party if the other party or any of its officers, employees, counsel or other representatives (i) had knowledge at or before the Closing of such breach or failure or (ii) received at or before the Closing a document disclosing such breach or failure.

8.10 Net Losses and Subrogation.

(a) Notwithstanding anything contained herein to the contrary, the amount of any Losses incurred or suffered by any Indemnified Person shall be calculated after giving effect to (i) any insurance proceeds received by the Indemnified Person (or any of its Affiliates) with respect to such Losses, (ii) any Tax benefit realized by the Indemnified Person (or any of its Affiliates) arising from the facts or circumstances giving rise to such Losses and (iii) any recoveries obtained by the Indemnified Person (or any of its Affiliates) from any other third party. Each Indemnified Person shall exercise commercially reasonable efforts to obtain such proceeds, benefits and recoveries. If any such proceeds, benefits or recoveries are received by an Indemnified Person (or any of its Affiliates) with respect to any Losses after an Indemnifying Person has made a payment to the Indemnified Person with respect thereto, the Indemnified Person (or such Affiliate)

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shall pay to the Indemnifying Person the amount of such proceeds, benefits or recoveries (up to the amount of the Indemnifying Person's payment).

(b) Upon making any payment to an Indemnified Person in respect of any Losses, the Indemnifying Person will, to the extent of such payment, be subrogated to all rights of the Indemnified Person (and its Affiliates) against any third party in respect of the Losses to which such payment relates. Such Indemnified Person (and its Affiliates) and Indemnifying Person will execute upon request all instruments reasonably necessary to evidence or further perfect such subrogation rights.

8.11 Purchase Price Adjustments. To the extent permitted by Law, any amounts payable under Section 8.2 or Section 8.3 shall be treated by Purchaser and Seller as an adjustment to the Purchase Price.

ARTICLE IX

MISCELLANEOUS

9.1 Expenses. Each party hereto shall bear its own fees and expenses with respect to the transactions contemplated hereby, provided, that Purchaser shall pay (a) all sales, use, value added, stamp, transfer, service, recording and like taxes and fees imposed by any Governmental Authority in connection with the transfer and assignment of the Purchased Assets and (b) all costs of obtaining surveys and title commitments and insurance and all applicable recording fees with respect to the Non-Commercial Real Property.

9.2 Amendment. This Agreement may be amended, modified or supplemented but only in writing signed by Purchaser and Seller.

9.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, or (b) on the date of transmission if sent by facsimile transmission (receipt confirmed) on a Business Day during or before the normal business hours of the intended recipient, and if not so sent on such a day and at such a time, on the following Business Day:

(i) If to Purchaser, addressed as follows:

James Hardie Building Products, Inc.
26300 La Alameda, Suite 100
Mission Viejo, CA 92691
Attention: President
Telephone: (943) 348-1800
Facsimile: (949) 367-9391

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with a copy to:

Patton Boggs LLP
8484 Westpark Drive, 9th Floor
McLean, VA 22102
Attention: James N. Schwarz, Esq.
Telephone: (703) 744-8090
Facsimile: (703) 744-8001

(ii) If to Seller, addressed as follows:

Cemplank, Inc.
c/o Maiden Creek, Inc.
P.O. Box 2100
Sinking Spring, PA 12608-2100
Attention: President
Telephone: (610) 670-2623
Facsimile: (610) 670-2168

with a copy to:

Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
Attention: Frederick B. Thomas, Esq.
Telephone: (312) 782-0600
Facsimile: (312) 701-7711

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

9.4 Payments in Dollars. Except as otherwise provided herein or in a Related Agreement, all payments pursuant hereto shall be made by wire transfer in Dollars in same day or immediately available funds without any set-off, deduction or counterclaim whatsoever.

9.5 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

9.6 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, that no assignment

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of any rights or obligations hereunder, by operation of law or otherwise, shall be made by either party without the written consent of the other party.

9.7 Third Party Beneficiaries. International Building Materials, S.A. shall be a third party beneficiary of this Agreement and shall be entitled to enforce the rights granted to Seller to the full extent enforceable by Seller. Redco S.A. and Manasco S.A. shall be third party beneficiaries with respect to Article VIII of this Agreement and shall be entitled to enforce the rights granted thereunder to the full extent enforceable by Seller. Other than as specifically described in this Section 9.7, this Agreement is solely for the benefit of the parties hereto and, to the extent provided herein, their respective Affiliates, and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

9.8 Publicity. Prior to the Closing Date, no public announcement or other publicity regarding the existence of this Agreement or its contents or the transactions contemplated hereby shall be made by Purchaser, Seller or any of their respective Affiliates, officers, directors, employees, representatives or agents, without the prior written agreement of Purchaser and Seller, in any case, as to form, content, timing and manner of distribution or publication. On and after the Closing Date, each of Seller and Purchaser agree to hold confidential the terms and provisions of this Agreement and the terms of the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this Section 9.8 shall prevent either party or its Affiliates from (a) making any public announcement or disclosure required by Law or the rules of any stock exchange, (b) discussing this Agreement or its contents or the transactions contemplated hereby with officers, directors, employees, representatives and agents of such party and its Affiliates and with those Persons whose approval, agreement or opinion, as the case may be, is required for consummation of such particular transaction or transactions, or (c) enforcing its rights hereunder.

9.9 Further Assurances. Upon the reasonable request of Purchaser, Seller shall on and after the Closing Date execute and deliver to Purchaser such deeds, assignments and other instruments as may be reasonably requested by Purchaser and are required to effectuate completely the transfer and assignment to Purchaser of Seller's right, title and interest in and to each of the Purchased Assets, and to otherwise carry out the purposes of this Agreement.

9.10 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

9.11 Entire Understanding. This Agreement, the Related Agreements and the documents specifically listed in Article VII set forth the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby and supersede any and all prior agreements, arrangements and understandings among the parties relating to the subject matter hereof.

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9.12 Language. Seller and Purchaser agree that the language used in this Agreement is the language chosen by the parties to express their mutual intent, and that no rule of strict construction is to be applied against Seller or Purchaser.

9.13 Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without giving effect to the principles of conflicts of law thereof, except that South Carolina law shall govern with respect to the transfer of title by Seller to Purchaser of the Non-Commercial Real Property.

9.14 Remittances. All remittances, payments, mail and other communications relating to the Purchased Assets or the Assumed Obligations received by Seller at any time after the Closing Date shall be promptly turned over to Purchaser by Seller. All remittances, payments, mail and other communications relating to the Excluded Assets or the Excluded Obligations received by Purchaser at any time after the Closing Date shall be promptly turned over to Seller by Purchaser.

9.15 Bulk Sales. Purchaser hereby waives compliance by Seller with the provisions of the Laws of any jurisdiction relating to the bulk sale or transfer of assets that may be applicable to the transfer of the Purchased Assets.

9.16 Jurisdiction of Disputes; Waiver of Jury Trial. In the event either party to this Agreement commences any litigation, proceeding or other legal action in connection with or relating to this Agreement, any Related Agreement or any matters contemplated hereby or thereby, each party to this Agreement hereby (a) agrees that any such litigation, proceeding or other legal action may be brought in a court of competent jurisdiction located within the County of New York, in the State of New York, whether a state or federal court; (b) agrees that in connection with any such litigation, proceeding or action, such party will consent and submit to personal jurisdiction in any such court described in clause (a) of this Section 9.16 and to service of process upon it in accordance with the rules and statutes governing service of process; (c) agrees to waive to the full extent permitted by law any objection that it may now or hereafter have to the venue of any such litigation, proceeding or action in any such court or that any such litigation, proceeding or action was brought in an inconvenient forum; (d) designates, appoints and directs CT Corporation System as its authorized agent to receive on its behalf service of any and all process and documents in any such litigation, proceeding or action in the State of New York; (e) agrees to notify the other party to this Agreement immediately if such agent shall refuse to act, or be prevented from acting, as agent and, in such event, promptly to designate another agent in the State of New York to serve in place of such agent and deliver to the other party written evidence of such substitute agent's acceptance of such designation; (f) agrees as an alternative method of service to service of process in any such litigation, proceeding or action by mailing of copies thereof to such party at its address set forth in Section 9.3; (g) agrees that any service made as provided herein shall be effective and binding service in every respect; and (h) agrees that nothing herein shall affect the rights of either party to effect service of process in any other manner permitted by Law. EACH PARTY HERETO WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS CONTEMPLATED HEREBY OR THEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

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9.17 Schedules. Any information disclosed pursuant to any Schedule hereto or otherwise disclosed to Purchaser in writing shall be deemed to be disclosed to Purchaser for all purposes of this Agreement. Neither the specification of any Dollar amount or any item or matter in any provision of this Agreement nor the inclusion of any specific item or matter in any Schedule hereto is intended to imply that such amount, or higher or lower amounts, or the item or matter so specified or included, or other items or matters, are or are not material, and no party shall use the fact of the specification of any such amount or the specification or inclusion of any such item or matter in any dispute or controversy between the parties as to whether any item or matter not specified herein or included in any Schedule hereto is or is not material for purposes of this Agreement. Neither the specification of any item or matter in any provision of this Agreement nor the inclusion of any specific item or matter in any Schedule hereto is intended to imply that such item or matter, or other items or matters, are or are not in the Ordinary Course of Business, and no party shall use the fact of the specification or the inclusion of any such item or matter in any dispute or controversy between the parties as to whether any item or matter not specified herein or included in any Schedule hereto is or is not in the Ordinary Course of Business for purposes of this Agreement.

9.18 Disclaimer of Warranties. Seller makes no representations or warranties with respect to any projections, forecasts or forward-looking statements provided to Purchaser. There is no assurance that any projected or forecasted results will be achieved. EXCEPT TO THE EXTENT OF THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE IV, SELLER IS SELLING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS" BASIS AND DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS AND GUARANTEES, WHETHER EXPRESS OR IMPLIED. SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AND NO IMPLIED WARRANTIES WHATSOEVER. Purchaser acknowledges and agrees that neither Seller, its Affiliates, any of their representatives nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries, schedules or other information heretofore made available by Seller, its Affiliates or their representatives to Purchaser, any of its Affiliates or their representatives (including the Confidential Information Memorandum dated May 2001 prepared by Bear, Stearns & Co. Inc.) or any information that is not included in this Agreement or the Schedules hereto, and neither Seller, its Affiliates, any of their representatives nor any other Person will have or be subject to any liability to Purchaser, any of its Affiliates or their representatives resulting from the distribution of any suck information to, or the use of any such information by, Purchaser, any of its Affiliates or any of their agents, consultants, accountants, counsel or other representatives.

9.19 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed and delivered as of the date first above written.

JAMES HARDIE BUILDING PRODUCTS, INC.

By: /s/ Peter D. Macdonald

Name: Peter D. Macdonald
Title: Attorney-in-Fact

CEMPLANK, INC.

By: /s/ Toussaint P. Dolmans

Name: Toussaint P. Dolmans
Title: President

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EXHIBIT 4.27

AMENDED AND RESTATED

STOCK PURCHASE AGREEMENT

BETWEEN

BPB U.S. HOLDINGS, INC.

A Delaware Corporation

AND

JAMES HARDIE INC.

A California Corporation

Dated as of March 12, 2002

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AMENDED AND RESTATED

STOCK PURCHASE AGREEMENT

AMENDED AND RESTATED STOCK PURCHASE AGREEMENT, dated as of March 12, 2002 (the "Agreement"), between BPB U.S. Holdings, Inc., a Delaware corporation (the "Purchaser"), and James Hardie Inc., a California corporation (the "Seller").

WITNESSETH:

WHEREAS, the Seller and Purchaser are parties to that certain Stock Purchase Agreement (including the Exhibits and Schedules thereto), dated as of March 12, 2002 (the "Initial Agreement");

WHEREAS, each of the Seller and Purchaser desire to amend and restate the Initial Agreement in its entirety in accordance with the terms hereof;

WHEREAS, the Seller owns or, at the Closing as hereinafter defined, will own an aggregate of 1,127 shares of common stock (the "JHG Shares") of James Hardie Gypsum, Inc., a Nevada corporation ("JHG") which JHG Shares constitute all of the issued and outstanding shares of capital stock of JHG;

WHEREAS, the Seller owns or, at the Closing, will own an aggregate of 1,000 shares of common stock (the "WMM Shares" and, collectively with the JHG Shares, the "Shares") of Western Mining and Minerals, Inc., a Nevada corporation ("WMM" and, collectively with JHG, the "Companies"), which WMM Shares constitute all of the issued and outstanding shares of capital stock of WMM;

WHEREAS, the Seller desires to sell to Purchaser, and Purchaser desires to purchase from the Seller, the Shares for the purchase price and upon the terms and conditions hereinafter set forth;

WHEREAS, the Board of Directors of each of the Seller and the Purchaser has approved the sale and purchase of the Shares upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, as an inducement to the Purchaser to enter into this Agreement, James Hardie Industries, N.V., a corporation organized under the laws of The Netherlands ("Seller's Parent"), is delivering to the Purchaser herewith a guarantee of the Seller's performance of its obligations hereunder and as an inducement to the Seller to enter into this Agreement, BPB plc, a public limited company incorporated under the laws of England and Wales ("Purchaser's Parent"), is delivering to the Seller herewith a guarantee of the Purchaser's obligations hereunder, substantially in the forms of Exhibits A and A-1 (collectively, the "Guarantees");

WHEREAS, one of the conditions precedent to the Closing under the Initial Agreement was the receipt of the Laing Consent;

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WHEREAS, the parties hereto acknowledge that the Laing Consent has been received; and

WHEREAS, certain terms used in this Agreement are defined in Section 10.1.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

SALE AND PURCHASE OF SHARES

1.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions contained herein, on the Closing Date the Seller shall sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser shall purchase from the Seller, the Shares.

ARTICLE II

PURCHASE PRICE AND PAYMENT

2.1 Amount of Purchase Price. The purchase price for the Shares (the "Purchase Price") shall be an amount equal to:

(a) the Enterprise Value,

(b) less the aggregate amount, if any, of Non-Working Capital Financial Liabilities, as reflected on the Final Closing Accounts,

(c) plus the amount, if any, by which the Working Capital, as reflected on the Final Closing Accounts, exceeds $25,000,000 and

(d) less the amount, if any, by which the Working Capital, as reflected on the Final Closing Accounts, is less than $25,000,000.

(e) The Purchase Price shall be allocated between the JHG Shares and the WMM Shares in the manner set forth on Schedule 2.3 (as allocated to the JHG Shares, the "JHG Purchase Price").

2.2 Payment of Preliminary Purchase Price. On the Closing Date, the Purchaser shall pay to the Seller the Enterprise Value (the "Preliminary Purchase Price") by wire transfer of immediately available funds into an account designated by the Seller.

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2.3 Post-Closing Adjustment of Preliminary Purchase Price. The Purchaser and Seller agree to use commercially reasonable efforts to cooperate with each other and with each of their respective firms of accountants in order to facilitate and expedite the preparation and audit of each of the sets of accounts referred to below.

(a) As soon as practicable, but in any event within forty-five (45) days following the Closing Date, the Purchaser shall cause the Companies to prepare and deliver to the Purchaser and the Seller:

(i) draft profit and loss accounts and balance sheets, including notes thereto, for each of JHG and WMM and JHG and WMM combined. The format of these accounts should be consistent with the Companies' usual monthly management accounts reporting package, including footnotes thereto (a copy of the January 2002 reporting package is attached, for illustrative purposes, as Schedule 2.3(a));

(ii) draft trial balances of the Companies, together with consolidation workings, if appropriate; and

(iii) a draft of the Closing Schedule ("Draft Closing Schedule"), an example of which is presented in Schedule 2.3, showing the classification of the balance sheets into Non-Working Capital Financial Liabilities, Working Capital and other net assets and showing adjustments made for Excluded Assets and Liabilities and the calculation of the Post-Closing Adjustment to the Preliminary Purchase Price.

(iv) All financial information in (i) -(iii) above is to be prepared as at the close of business on the day before the Closing Date and together constitutes the "Draft Closing Accounts," items (i) and (iii) to be substantially audited although not yet finally certified by PricewaterhouseCoopers LLP ("Seller's Accountants").

(b) The Draft Closing Accounts shall be prepared in accordance with GAAP and with the principles, methods, format and definitions set forth in this Section 2.3 and in Schedule 2.3. Should there be any conflict between GAAP and this Section 2.3, this Section 2.3 shall prevail. The Seller shall use commercially reasonable efforts to cause the Seller's Accountants to have substantially completed their audit work by the time the Draft Closing Accounts are delivered pursuant to this Section. Audit materiality is to be set at $1,000,000. All account balances included in the JHG and WMM trial balances including Excluded Assets and Liabilities, regardless of materiality, will be reviewed during the audit to understand the nature and reasonableness of the balance, and to determine that they are correctly classified for purposes of the Post-Closing Adjustment of the Preliminary Purchase Price in the Draft Closing Schedule.

(c) Ernst & Young LLP ("Purchaser's Accountants") shall have the opportunity to consult with and be involved with the planning of the audit prior to Closing, and to observe the taking of inventories in connection with the preparation of the Draft Closing Accounts. Upon delivery of the Draft Closing Accounts and prior to their certification by the Seller's Accountants, the Purchaser's Accountants will be provided with access to the work papers, schedules (including a schedule of all unadjusted differences and errors identified during the audit) and other documents, prepared by or reviewed by the

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Seller's Accountants in connection with both the preparation of the Draft Closing Accounts and the March 31, 2002 fiscal year end corporate financial statements.

(d) After consultation between the Seller's Accountants and the Purchaser's Accountants, twenty-one (21) days following the delivery of the Draft Closing Accounts, the Purchaser shall cause the Company to prepare and deliver to the Purchaser and the Seller, the Closing Accounts (to comprise the final versions of the documents set out in Section 2.3 (a)(i)-(iii), above, of which the items described in Section 2.3(a)(i) and (iii) shall be audited and certified by the Seller's Accountants and shall be prepared in accordance with the principles, methods, format and methodology set forth in this Section and Schedule 2.3).

(e) The Purchaser shall have a period of ten (10) days after delivery of the Closing Accounts to present in writing to the Seller (with a copy to the Seller's Accountants) any objections involving amounts greater than $100,000 individually or in aggregate which the Purchaser may have to any of the matters set forth therein, which objections shall be set forth in reasonable detail. If no objections are raised within such 10-day period, the Closing Accounts shall be deemed accepted and approved by the Purchaser and by the Seller.

If the Purchaser shall raise any objections within the aforesaid 10-day period, the Purchaser and the Seller shall immediately attempt in good faith to resolve the matter or matters in dispute. If such dispute cannot be resolved by the Purchaser and the Seller within ten (10) days after the delivery of the Purchaser's objections, Seller's Accountants and Purchaser's Accountants shall attempt to resolve the matter or matters in dispute and, if resolved, such firms shall send a joint notice to the Purchaser and the Seller stating the manner in which the dispute was resolved, Seller's Accountants shall send to the Purchaser and the Seller a confirmation of the original Closing Accounts or, if necessary, revised Closing Accounts prepared in accordance with such resolution, and Purchaser's Accountants shall send a letter to the Purchaser and the Seller confirming that such confirmed or revised Closing Accounts are in accordance with such resolution, whereupon the confirmed or revised Closing Accounts shall be final and binding on the parties.

If such dispute cannot be resolved by the Purchaser and the Seller or by such accounting firms within thirty (30) days after the delivery of the Closing Accounts, then, within thirty (30) days after written notification that the Seller's Accountants and Purchaser's Accountants were unable to resolve the dispute, the Chief Executive Officers of each of Purchaser and Seller shall meet personally in New York, New York (or such other location as they shall mutually agree upon) to attempt to resolve the dispute. If the Chief Executive Officers are unable to resolve the dispute, either party may submit the specific matters in dispute to the Third Accounting Firm, which firm shall make a final and binding determination as to such matter or matters. The Third Accounting Firm shall send its written determination to the Purchaser, the Seller, Seller's Accountants and Purchaser's Accountants. Seller's Accountants shall then send to the Purchaser and the Seller a confirmation of the original Closing Accounts or, if necessary, revised Closing Accounts prepared in accordance with such determination, and Purchaser's Accountants shall send a letter to the Purchaser and the Seller confirming that such confirmed or revised Closing Accounts are in accordance with such determination, whereupon the confirmed or revised Closing Accounts shall be binding on the parties.

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The parties agree to cooperate with each other and each other's authorized representatives and with the Third Accounting Firm in order that any and all matters in dispute shall be resolved as soon as practicable.

(f) Within five (5) business days following the Closing Accounts, as they may have been revised pursuant to subparagraph (e), becoming binding on the parties in accordance with subparagraph (e) (such accounts, the "Final Closing Accounts"), either (i) the Purchaser shall pay to the Seller, by wire transfer of immediately available funds to an account designated by Seller, the amount, if any, by which the Purchase Price exceeds the Preliminary Purchase Price or (ii) the Seller shall pay to the Purchaser, by wire transfer of immediately available funds to an account designated by the Purchaser, the amount, if any, by which the Preliminary Purchase Price exceeds the Purchase Price, in either case together with interest on such excess from the Closing Date to the date of payment at the rate of LIBOR plus 1.5 percent per annum.

(g) The fees and expenses hereunder of Seller's Accountants shall be paid by the Seller, those of the Purchaser's Accountants shall be paid by the Purchaser, and those of the Third Accounting Firm shall be paid one-half by the Purchaser and one-half by the Seller; provided, however, that the Third Accounting Firm is hereby granted the authority to assess against either the Purchaser or the Seller all of the Third Accounting Firm's fees and expenses or such portions thereof as the Third Accounting Firm may deem appropriate if it finds that any party's position was not presented in good faith, supported by GAAP, or in accordance with the procedures agreed upon in this Agreement.

ARTICLE III

CLOSING AND TERMINATION

3.1 Closing Date. The closing of the sale and purchase of the Shares provided for in Section 1.1 hereof (the "Closing") shall take place within five (5) Business Days of the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof (or the waiver thereof by the party entitled to waive any such condition) at the offices of Seltzer Caplan McMahon Vitek, a Law Corporation, located at 2100 Symphony Towers, 750 B Street, San Diego, California 92101 (or on such other date and at such other place as the parties may designate in writing). The date on which the Closing shall be held is referred to in this Agreement as the "Closing Date".

3.2 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) At the election of the Seller or the Purchaser on or after November 15, 2002, if the Closing shall not have occurred by the close of business on such date, provided that the terminating party is not in default of any of its obligations hereunder;

(b) by mutual written consent of the Seller and the Purchaser; or

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(c) by the Seller or the Purchaser if there shall be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; it being agreed that the parties hereto shall promptly appeal any adverse determination which is not nonappealable (and pursue such appeal with reasonable diligence).

3.3 Procedure Upon Termination. In the event of termination and abandonment by the Purchaser or the Seller, or both, pursuant to Section 3.2 hereof, written notice thereof shall forthwith be given to the other party or parties, and this Agreement shall terminate, and the purchase of the Shares hereunder shall be abandoned, without further action by the Purchaser or the Seller. If this Agreement is terminated as provided herein, each party shall redeliver all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same.

3.4 Effect of Termination. In the event that this Agreement is validly terminated as provided herein, then each of the parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to the Purchaser, the Companies or the Seller or any of their Affiliates; provided, however, that the obligations of the parties set forth in Section 6.1(b) shall survive any such termination and shall be enforceable hereunder; provided, further, however, that nothing in this Section 3.4 shall relieve the Purchaser or the Seller of any liability for a breach of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to the Purchaser that:

4.1 Organization and Good Standing. Each of the Companies and the Seller is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation as set forth above and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Each of the Companies is duly qualified or authorized to do business as a foreign corporation and is in good standing under the laws of (i) each jurisdiction in which it owns or leases real property and (ii) each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified would not have a Material Adverse Effect.

4.2 Authorization of Agreement. The Seller has full corporate power, authority and legal capacity to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by the Seller in connection with the consummation of the transactions contemplated by this Agreement (together with this Agreement, the "Seller Documents"), and to consummate the transactions contemplated hereby and thereby. This Agreement has been, and each of the

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Seller Documents will be at or prior to the Closing, duly and validly executed and delivered by the Seller and (assuming the due authorization, execution and delivery by the other party or parties hereto and thereto) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4.3 Capitalization.

(a) The authorized capital stock of JHG consists of 10,000 shares of common stock (the "JHG Common Stock"). As of the date hereof, there are 1,127 shares of JHG Common Stock issued and outstanding, all of which are owned by the Seller, and 8,873 shares of Common Stock are held by JHG as treasury stock. The authorized capital stock of WMM consists of 100,000 shares of common stock (the "WMM Common Stock" and, collectively with the JHG Common Stock, the "Common Stock"). As of the date hereof, there are 1,000 shares of WMM Common Stock issued and outstanding, all of which are owned by the Seller, and 99,000 shares of WMM Common Stock are held by WMM as treasury stock. All of the issued and outstanding shares of Common Stock were duly authorized for issuance and are validly issued, fully paid and non-assessable.

(b) There is no existing option, warrant, call, right, commitment or other agreement of any character to which the Seller or either of the Companies is a party requiring, and there are no securities of either of the Companies outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional shares of capital stock or other equity securities of either of the Companies or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase shares of capital stock or other equity securities of either of the Companies. Neither the Seller nor either of the Companies is a party to any voting trust or other voting agreement with respect to any of the shares of Common Stock or to any agreement relating to the issuance, sale, redemption, transfer or other disposition of the capital stock of either of the Companies.

4.4 No Subsidiaries. The Companies have no Subsidiaries.

4.5 Corporate Records.

(a) The Seller has delivered to the Purchaser true, correct and complete copies of the certificates of incorporation (each certified by the Secretary of State or other appropriate official of the applicable jurisdiction of organization) and by-laws (each certified by the secretary, assistant secretary or other appropriate officer) or comparable organizational documents of the Companies.

(b) The minute books of each of the Companies previously made available to the Purchaser contain complete and accurate records of all meetings and accurately reflect all other corporate action of the stockholders and board of directors (including committees thereof) of each of the Companies. The stock certificate books and

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stock transfer ledgers of each of the Companies previously made available to the Purchaser are true, correct and complete. All stock transfer taxes levied or payable with respect to all transfers of Common Stock of each of the Companies prior to the date hereof have been paid and appropriate transfer tax stamps affixed.

4.6 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by the Seller of this Agreement and the Seller Documents, the consummation of the transactions contemplated hereby or thereby, or compliance by the Seller with any of the provisions hereof or thereof will (i) conflict with, or result in the breach of, any provision of the certificate of incorporation or by-laws or comparable organizational documents of the Seller or either of the Companies; (ii) conflict with, violate, result in the breach or termination of, or constitute a default under any Contract, note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which the Seller or either of the Companies is a party or by which any of them or any of their respective properties or assets is bound; (iii) violate any statute, rule, regulation, order or decree of any Governmental Body or authority by which the Seller or either of the Companies is bound; or (iv) result in the creation of any Lien upon the properties or assets of the Seller or either of the Companies except, in case of clauses (ii), (iii) and (iv), for such violations, breaches or defaults as would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Except as set forth on Schedule 4.6(b), no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of the Seller or either of the Companies in connection with the execution and delivery of this Agreement or the Seller Documents, or the compliance by the Seller or either of the Companies as the case may be, with any of the provisions hereof or thereof, except for compliance with the applicable requirements of any applicable Antitrust Acts and the rules and regulations promulgated thereunder.

4.7 Ownership and Transfer of Shares. The Seller is the record and beneficial owner of the Shares free and clear of any and all Liens. The Seller has the power and authority to sell, transfer, assign and deliver the Shares as provided in this Agreement, and such delivery will convey to the Purchaser good and marketable title to the Shares, free and clear of any and all Liens.

4.8 Financial Statements. Attached as Schedule 4.8 are true and correct copies of the separate unaudited balance sheets and income statements of each of the Companies, prepared in accordance with GAAP (except for income taxes which are recorded only at the consolidated level) consistently applied for each of the three years ended March 31, 1999, 2000 and 2001 and for the nine months ended December 31, 2001 and the ten months ended January 31, 2002 for JHG, and from the date of acquisition to March 31, 2001 and for the nine months ended December 31, 2001 and the ten months ended January 31, 2002 for WMM (such financial statements, including the related notes and schedules thereto, are referred to herein as the "Financial Statements"). Each of the Financial Statements, which were part of the consolidated financial statements subject to audit by Seller's Accountants in the context of its audit of Seller's Parent, was prepared in the ordinary course of business, has been relied upon in the conduct of the business of the Companies and is

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accurate in all material respects (subject, in the case of the Financial Statements covering periods of less than one year, to normal year-end audit adjustments which were not or will not be, individually or in the aggregate, material).

For the purposes hereof, the balance sheets of the Companies as at January 31, 2002 are referred to as the "Balance Sheet" and January 31, 2002 is referred to as the "Balance Sheet Date".

4.9 No Undisclosed Liabilities. Neither of the Companies has any indebtedness, obligations or liabilities of any kind (whether accrued, absolute, contingent or otherwise, and whether due or to become due) that would have been required to be reflected in, reserved against or otherwise described on the Balance Sheet or in the notes thereto in accordance with GAAP which was not fully reflected in, reserved against or otherwise described in the Balance Sheet or the notes thereto or was not incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date, except where such indebtedness, obligations or liabilities would not have a Material Adverse Effect.

4.10 Absence of Certain Developments. Except as expressly contemplated by this Agreement or as set forth on Schedule 4.10, since the Balance Sheet Date:

(a) there has not been any Material Adverse Change nor has there occurred any event which is reasonably likely to result in a Material Adverse Change;

(b) there has been no disposal or loss from damage or otherwise of any fixed asset having a replacement cost of more than $500,000;

(c) there has not been any damage, destruction or loss, whether or not covered by insurance, with respect to the property and assets of either of the Companies having a replacement cost of more than $500,000 for any single loss or $2,000,000 for all such losses and real and personal property of the Companies has been maintained in the ordinary course of business, consistent with past practice, and to Seller's Knowledge, no material expenditure is required to be made by any Person to enable each of the Companies to operate its business;

(d) (i) there has not been a change in the authorized or issued capital stock of either of the Companies; (ii) grant of any stock option, warrant, or other right to purchase shares of capital stock of either of the Companies; (iii) issuance of any security convertible into the capital stock of either of the Companies; (iv) grant of any registration rights in respect of the capital stock of either of the Companies; (v) reclassification, combination, split, subdivision, purchase, redemption, retirement, issuance, sale, or any other acquisition or disposition, directly or indirectly, by either of the Companies of any shares of the capital stock thereof; (vi) amendment of any term of any outstanding security of either of the Companies; (vii) declaration, setting aside or payment of any dividend (whether in cash, securities or other property) or other distribution or payment in respect of the shares of the capital stock of either of the Companies; or (viii) sale or pledge of any stock or other equity interests owned by either of the Companies;

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(e) (i) amendment or other change in the certificate of incorporation or by-laws or other organizational documents of either of the Companies; (ii) merger or consolidation by either of the Companies with or into any other Person; (iii) subdivision or reclassification of any shares of the capital stock of either of the Companies; or (iv) change or agreement to change in any manner the rights of the outstanding capital stock of either of the Companies;

(f) Except as set forth on Schedule 4.10 (f) hereto, or to the extent either designated as Excluded Assets and Liabilities or disclosed and accrued on the Balance Sheet, neither of the Companies has awarded (or agreed to award) any bonuses to employees of the Companies with respect to the fiscal year ending March 31, 2002 or any period thereafter, or entered into any employment, deferred compensation, severance or similar agreement (nor amended any such agreement) or agreed to increase the compensation payable or to become payable by it to any of the Companies' directors, officers, employees, agents or representatives or agreed to increase the coverage or benefits available under any severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan, payment or arrangement made to, for or with such directors, officers, employees, agents or representatives (other than normal increases in the ordinary course of business consistent with past practice and that in the aggregate have not resulted in a material increase in the benefits or compensation expense of the Companies taken as a whole);

(g) there has not been any agreement entered into or amended by either of the Companies with any labor union or association;

(h) there has not been any change by either of the Companies with respect to accounting, reserving or investing or Tax reporting principles, methods or policies;

(i) neither of the Companies has entered into any transaction or Contract or conducted its business other than in the ordinary course consistent with past practice including maintaining consistency of average accounts receivable days, inventory holding days, and accounts payable days;

(j) neither of the Companies has failed to promptly pay and discharge current liabilities except where disputed in good faith by appropriate proceedings;

(k) neither of the Companies has made any loans, advances or capital contributions to, or investments in, any Person or paid any fees or expenses to the Seller or any Affiliate of the Seller;

(1) neither of the Companies has mortgaged, pledged or subjected to any Lien any of its assets, or acquired any assets or sold, assigned, transferred, conveyed, leased or otherwise disposed of any assets of either of the Companies, except for assets acquired or sold, assigned, transferred, conveyed, leased or otherwise disposed of in the ordinary course of business consistent with past practice;

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(m) neither of the Companies has discharged or satisfied any Lien, or paid any obligation or liability (fixed or contingent), except in the ordinary course of business consistent with past practice and which, in the aggregate, would not be material to the Companies taken as a whole;

(n) neither of the Companies has canceled or compromised any debt or claim or amended, canceled, terminated, relinquished, waived or released any Contract or right except in the ordinary course of business consistent with past practice and which, in the aggregate, would not be material to the Companies taken as a whole, and neither of the Companies has written-down or determined to write-down the value of any assets, except in the ordinary course of business consistent with past practice;

(o) neither of the Companies has made or committed to make any capital expenditures or capital additions or betterments in excess of $50,000 individually or $175,000 in the aggregate;

(p) neither of the Companies has instituted or settled any material Legal Proceeding; and

(q) neither the Seller nor the Companies has agreed to do anything set forth in this Section 4.10.

4.11 Tax Returns, Payments and Elections. Except as set forth in Schedule 4.11:

(a) Each Company and each Affiliated Group of which such Company is or has been a member, (i) has timely filed (or there has been timely filed on its behalf) with the appropriate Governmental Body all material Tax Returns required to be filed, and all such Tax Returns are true and correct in all material respects, and (ii) has paid all Taxes material in amount due and payable or claimed or asserted by any taxing authority to be due from or with respect to them. With respect to any period for which Tax Returns have not yet been filed, or for which Taxes are not yet due or owing, each Company has made due and sufficient current accruals for such Taxes in their books and records in accordance with GAAP, including without limitation the Financial Statements. The Companies have made (or there have been made on their behalf) all required current estimated Tax payments sufficient to avoid any understatement penalties;

(b) No audit report has been issued in the three years prior to the date of this Agreement (or otherwise with respect to any audit or investigation in progress) relating to Taxes due from or with respect to either of the Companies or their income, assets or operations. The Seller has previously delivered to Purchaser true and complete copies of (i) any audit reports issued in the three years prior to the date of this Agreement relating to Taxes due from or with respect to each Company; and (ii) all federal, state, local and foreign income or franchise Tax Returns of each Company (or, in the case of Tax Returns filed for an Affiliated Group, the portion of such Tax Returns relating to each Company) relating to the taxable periods ending in 1998, 1999, 2000 and 2001;

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(c) Except as set forth on Schedule 4.11 (c) no claim has been made by a taxing authority in a jurisdiction where a Company does not file Tax Returns to the effect that such Company is or may be subject to taxation by that jurisdiction;

(d) There are no outstanding waivers in writing or comparable consents regarding the application of any statute of limitations in respect of Taxes of either of the Companies;

(e) All deficiencies asserted or assessments made as a result of any examinations by any taxing authority of the Tax Returns of or including each Company have been fully paid, and there are no actions, suits, investigations, audits or claims by any taxing authority in progress relating to either of the Companies (except for a California Franchise Tax Board audit), nor has either of the Companies received any written notice from any taxing authority that it intends to conduct such an audit or investigation. No issue has been raised by written inquiry of a taxing authority in any current or prior examination which, by application of the same or similar principles, would reasonably be expected to result in a proposed deficiency for any subsequent taxable period of the Companies. Neither of the Companies is subject to any private letter ruling of the IRS or comparable rulings of other taxing authorities;

(f) There are no Liens for Taxes upon the assets of either of the Companies, except for Liens arising as a matter of Law relating to current Taxes not yet due;

(g) All Taxes that each Company has been or are required by law to withhold or to collect for payment have been duly withheld and collected, and have been paid over to the appropriate taxing authority;

(h) Neither of the Companies, nor any other Person on behalf of either of the Companies has (i) agreed to or is required to make any adjustments pursuant to Section 481 (a) of the Code (or any predecessor provision) or any similar provision of state, local or foreign Law, or has any Knowledge that the IRS or any other taxing authority has proposed any such adjustment; or has any application pending with any taxing authority requesting permission for any changes in accounting methods that relate to the business or operations of either of the Companies, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision) or any similar provision of state, local or foreign Law with respect to either of the Companies, (iii) filed a consent pursuant to Section 341 (f) of the Code or agreed to have Section 341 (f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by either of the Companies, (iv) extended the time (1) within which to file any Tax Return, which Tax Return has since not been filed or (2) for the assessment or collection of Taxes, which Taxes have not since been paid or (v) granted to any Person any power of attorney that is currently in force with respect to any Tax matter relating to either of the Companies;

(i) No property owned by either of the Companies is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code, (iii) "tax-exempt bond financed property" within

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the meaning of Section 168(g) of the Code; (iv) subject to Section 168(g)(1)(A) of the Code; (v) "limited use property" within the meaning of Rev. Proc. 76-30, or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above;

(j) There are no employment, severance or termination agreements, other compensation arrangements or Employee Benefit Plans currently in effect which provide for the payment of any amount (whether in cash or property or the vesting of property) that would give rise to a payment that is nondeductible by reason of Section 280G of the Code;

(k) Neither of the Companies (i) is or has been a member of an Affiliated Group for federal income tax purposes that filed or was required to file a consolidated Tax Return (other than a group the common parent of which was Seller), (ii) is or has been a member of an Affiliated Group for state, local or foreign tax purposes that filed or was required to file an affiliated, consolidated, combined or unitary Tax Return (other than a group the ultimate common parent is or was the Seller, James Hardie Industries, N.V., James Hardie Industries Limited or Boral Limited), or (iii) has any liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any comparable provision of state, local, or foreign Law)(other than as a member of an Affiliated Group the common parent of which is the Seller);

(l) Neither of the Companies is a party to, bound by, or obligated under, any Tax Sharing Agreement;

(m) Neither of the Companies have constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in (A) the two years prior to the date of this Agreement or (B) a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement;

(n) Seller and JHG are members of a "selling consolidated group" within the meaning of Treasury Regulations Section 1.338(h)(10)-1(b)(2);

(o) The Seller is a "United States Person" within the meaning of Section 7701(a)(30)of the Code;

(p) Neither Company has participated in, or cooperated with, an international boycott within the meaning of Section 999 of the Code;

(q) There is no taxable income of either of the Companies that will be reportable in a taxable period beginning after the Closing Date that is attributable to a transaction (such as an installment sale) that occurred prior to the Closing;

(r) "Neither of the Companies has, or has had, a permanent establishment in any foreign country, or has engaged in a trade or business in any foreign country that subjected it to Tax in such foreign country;

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(s) Neither of the Companies is a party to any joint venture, partnership or other arrangement or contract that could be treated as a partnership for federal income tax purposes; and

(t) For purposes of this Section and Section 9.6, any reference to either Company shall be deemed to include any Person which merged with or was liquidated into such Company or any other predecessor thereof.

4.12 Real Property.

(a) Schedule 4.12(a) sets forth a complete list of (i) all real property and interests in real property owned in fee, including but not limited to all patented mining claims (the "Patented Mining Claims") by each of the Companies (individually, an "Owned Property" and collectively, the "Owned Properties"), (ii) all real property and interests in real property leased, subleased, or otherwise occupied by each of the Companies as lessee (individually, a "Real Property Lease" and collectively, the "Real Property Leases"); (iii) all real property and interests in real property other than Owned Properties and Real Property Leases as to which each Company has a right of access or use (individually, an "Easement Property" and collectively, the "Easement Properties"); (iv) all water rights and interests in water rights or water rights permits owned by each of the Companies (individually, a "Water Right" and collectively, the "Water Rights"); and (v) all unpatented mining claims and unpatented mill site claims owned by each of the Companies (individually, an "Unpatented Mining Claim" and collectively, the "Unpatented Mining Claims"). The Owned Properties, Real Property Leases, Easement Properties, Water Rights, and Unpatented Mining Claims are referred to herein individually as a "Companies' Property" and collectively as the "Companies' Properties." The Companies have good, indefeasible, and marketable fee title to and own the entire interest in all Owned Property and all buildings, structures and other improvements located thereon, free and clear of all Liens of any nature whatsoever except Permitted Exceptions. The Companies' Property constitutes all interests in real property currently used or currently held for use in connection with the business of the Companies and which are necessary for the continued operation of the business of the Companies as the business is currently conducted and as currently proposed to be conducted. The Companies have a good, marketable, valid and enforceable leasehold interest under each of the Real Property Leases, and all buildings, structures and other improvements located thereon to the extent leased pursuant to the Real Property Leases, free and clear of all Liens of any nature whatsoever except Permitted Exceptions; provided, however, that except as set forth on Schedule 4.12(a), each Real Property Lease subject to an underlying mortgage, deed of trust or other security interest affecting the lessor's or fee owner's interest under the Real Property Lease shall also be subject to a non-disturbance agreement; and subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Neither of the Companies has received any notice of any material default or event that with notice or lapse of time, or both, would constitute a material default by such Company under any of the Real Property Leases. To the Seller's Knowledge, there is no default or event that with notice or lapse of time, or both, which would constitute such a default under any Real Property Lease by any other party to such lease. The Seller has delivered or will make

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available to the Purchaser prior to the Closing Date true, correct and complete copies of all deeds, title reports, title policies (and underlying documents applicable thereto), title opinion or title analysis letters as to the Patented Mining Claims and Unpatented Mining Claims, and surveys for the Owned Properties, Easement Properties, Water Rights and Unpatented Mining Claims. Seller has delivered or otherwise made available to the Purchaser true, correct and complete copies of the Real Property Leases, together with all non-disturbance agreements, amendments, modifications or supplements, if any, thereto. The Companies have a good, sufficient, and marketable interest in the Unpatented Mining Claims, free and clear of all Liens of any nature whatsoever except Permitted Exceptions. The Companies have a good, marketable, valid and enforceable interest in the Easement Properties and Water Rights, free and clear of all Liens of any nature whatsoever except Permitted Exceptions. The Companies have timely paid all fees and complied with all recording and reporting obligations required by Law in connection with the Water Rights and Unpatented Mining Claims. Neither of the Companies has received any notice of defect or challenge to the Unpatented Mining Claims (including, without limitation, the location, maintenance, or ownership of the Unpatented Mining Claims) or event that with notice or lapse of time, or both, would constitute such defect or challenge to the Unpatented Mining Claims.

(b) Except as would not be reasonably likely to have Material Adverse Effect, the Companies have ail certificates of occupancy and Permits of any Governmental Body necessary or useful for the current use and operation of each Companies' Property, and the Companies have fully complied with all conditions of the Permits applicable to them. No material default or violation, or event that with the lapse of time or giving of notice or both would become a material default or violation, has occurred in the due observance of any Permit.

(c) There does not exist any actual or, to the Knowledge of the Seller, threatened or contemplated condemnation or eminent domain proceedings that affect any Companies' Property or any part thereof, and the Seller has not received any notice, oral or written, of the intention of any Governmental Body or other Person to take or use all or any part thereof.

(d) Neither the Seller nor the Companies have received any notice from any insurance company that has issued a policy with respect to any Companies' Property requiring performance of any structural or other repairs or alterations to such Companies' Property.

(e) Except as set forth on Schedule 4.12(e) hereto, neither of the Companies owns or holds, or is obligated under or a party to, any Contract, option, right of first refusal or other arrangement to purchase, acquire, sell, assign, manage or dispose of any real property or any portion thereof or interest therein.

(f) Except as set forth on Schedule 4.12(f) hereto and in the Closing Date Balance Sheet, there are no unpaid commissions or fees due or payable and no obligation to pay or fund any construction or completion of improvements under any Real Property Lease.

(g) Except as set forth on Schedule 4.12(g) hereto, there are no leases or subleases executed by either Company, as lessor, with respect to any of the Companies'

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Properties. None of the Real Property Leases is a sublease. Except as set forth on Schedule 4.12(g) hereto, there are no agreements by which either of the Companies permits any other Person to use, occupy or otherwise exploit any of the Companies' Properties.

(h) Each of the Real Property Leases covers the entire estate it purports to cover, and, upon the consummation of the transactions contemplated hereby, will entitle Purchaser to the exclusive use, occupancy and possession of the premises specified therein for the purposes such premises are now being used in all material respects.

(i) Seller has actual and exclusive possession of the premises leased pursuant to the Real Property Leases.

(j) All of the buildings, fixtures and improvements included on or in the Companies' Properties and owned or leased by the Companies are in good operating condition and repair (subject to normal wear and tear) for the continued use of the Companies' Properties in the ordinary course of business consistent with past practices in all material respects.

(k) The current use and occupancy of the Companies' Properties and the improvements located thereon are not in violation of any material recorded or unrecorded covenants, conditions, restrictions, reservations, easements or agreements affecting the Companies' Properties.

(1) No part of any improvement located on the Companies' Properties which is material to its operation is dependent for its access, operation or utility on any land, building or other improvements not included in the Companies' Properties, and all Companies' Properties have sufficient access to public roads.

(m) All water (including all Water Rights), gas and other utilities are sufficient to enable the Companies' Properties to continue to be used and operated in the ordinary course of business consistent with past practices. Said utilities either enter the Companies' Properties through adjoining public streets or, if they pass through adjoining private or public land, do so in accordance with legal, valid and enforceable permanent public or private easements which will inure to the benefit of Purchaser, its successors and assigns.

(n) With respect to the Unpatented Mining Claims, and subject to the paramount title of the United States, to the Seller's Knowledge: (i) the Unpatented Mining Claims were properly laid out and monumented; (ii) all required location and validation work was properly performed; (iii) location notices and certificates were properly recorded and filed with the appropriate governmental agencies; (iv) all assessment work required to hold the Unpatented Mining Claims has been timely performed in order to maintain those claims in good standing through the assessment year ending September 1,2002; (v) all affidavits of assessment work, notices of intention to hold, evidence of payment of rental or maintenance fees and other filings required to maintain the claims in good standing through the assessment year ending September 1, 2002 have been properly and timely recorded or filed with the appropriate governmental agency; (vi) there are no conflicting Unpatented Mining Claims; (vii) Seller, the

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Companies, and/or their predecessors in interest have been in exclusive, hostile, adverse and continuous possession of each and all of the Unpatented Mining Claims, claiming ownership thereto as against all the world, subject only to the paramount title of the United States, since December 14, 2000. Nothing in this section, however, shall be deemed to be a representation or a warranty that any of the Unpatented Mining Claims contains a valuable mineral deposit.

(o) Notwithstanding anything to the contrary set forth above in this Section 4.12 or in the Schedules referred to therein, the parties acknowledge and agree that the representations, warranties and other statements made by the Seller above in this Section 4.12 or in the Schedules referred to above in this Section 4.12 are qualified in their entirety by the following: (i) since the date of the Laing Agreement, it has been ascertained that the approximately 20-30 acre portion (the "Subject Portion") of the BLM Exchange Property (as defined in the Laing Agreement) identified on the annexed Schedule 4.12(o) properly constitutes part of the Essential Plant Property (as defined in the Laing Agreement); (ii) with the consent and approval of the Purchaser, pursuant to the Laing Consent the parties to the Laing Agreement have amended the Laing Agreement and the Ancillary Documents (as defined in the Laing Agreement) to provide that (A) the Subject Portion is deemed to constitute an integral part of the Essential Plant Property, (B) the Subject Portion shall be deemed not to constitute a part of the BLM Acreage (as defined in the Laing Agreement), and (C) JHG shall ultimately receive as a result of the BLM Exchange (as defined in the Laing Agreement), and after payment for any acreage in excess of 20 acres of all amounts described in Section 6.15(a), be entitled to retain for itself and its successors and assigns, full ownership rights in and to the Subject Portion (subject to those items referenced in the Laing Consent), in each case notwithstanding any contrary provisions contained in the Laing Agreement or the Ancillary Documents, including, without limitation, Section 4 of the Laing Agreement; and (iii) the BLM has agreed in writing for the benefit of JHG pursuant to that certain letter dated April 24, 2002 and attached hereto as Schedule 4.12(o)(iii) (the "BLM Letter") that JHG can continue to use the portion of the Subject Portion that is referred to in the BLM Letter in connection with the operation of the Essential Plant Property, all as more fully specified in the BLM Letter.

4.13 Tangible Personal Property.

(a) Schedule 4.13(a) sets forth all leases of personal property ("Personal Property Leases") involving annual payments in excess of $250,000 relating to personal property used in the business of each Company or to which either Company is a party or by which the properties or assets of each Company are bound. The Seller has delivered or otherwise made available to the Purchaser true, correct and complete copies of the Personal Property Leases, together with all amendments, modifications or supplements thereto.

(b) Each Company has a valid leasehold interest under each of the Personal Property Leases under which it is a lessee, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity

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(regardless of whether enforcement is sought in a proceeding at law or in equity), and there is no material default under any Personal Property Lease by the Companies or, to the Knowledge of the Seller, by any other party thereto, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a material default thereunder.

(c) The Companies have good and marketable title to all of the items of tangible personal property reflected in the Balance Sheet (except as sold or disposed of subsequent to the date thereof in the ordinary course of business consistent with past practice), free and clear of any and all Liens other than the Permitted Exceptions. All such items of tangible personal property which, individually or in the aggregate, are material to the operation of the business of the Companies are in good condition and in a state of good maintenance and repair (ordinary wear and tear excepted) and are suitable for the purposes used.

(d) All of the items of tangible personal property used by the Companies under the Personal Property Leases are in good condition and repair (ordinary wear and tear excepted) and are suitable for the purposes used.

4.14 Intangible Property. Schedule 4.14 contains a complete and correct list of each material foreign or domestic patent, trademark, trade name, service mark and copyright owned or used by the Companies as well as all registrations thereof and pending applications therefor, and each license or other agreement relating thereto (including licenses to use the patents, trademarks, tradenames, service marks or copyrights of others, including Seller and its Affiliates). Except as set forth on Schedule 4.14 or to the extent that commercially available software is licensed for use by the Companies (provided that such licenses shall not terminate or be modified by virtue of the Closing), each of the foregoing is owned by the party shown on such Schedule as owning the same, free and clear of all mortgages, claims, Liens, security interests, charges and encumbrances and is in good standing and not the subject of any challenge. To the Knowledge of Seller, there have been no claims made and neither the Seller nor the Companies has received any notice or otherwise knows or has reason to believe that any of the foregoing is invalid or conflicts with the asserted rights of others. The Companies possess, or have the right to use, at this time and without termination or modification by virtue of the Closing, all patents, patent licenses, trade names, trademarks, service marks, brand marks, brand names, copyrights, know-how, formulate and other proprietary and trade rights necessary for the conduct of its business as now conducted, not subject to any restrictions and without any known conflict with the rights of others and the Companies have not forfeited or otherwise relinquished any such patent, patent license, trade name, trademark, service mark, brand mark, brand name, copyright, know-how, formulate or other proprietary right necessary for the conduct of its business as conducted on the date hereof. The Companies are not under any obligation to pay any royalties or similar payments in connection with any license to the Seller or any Affiliate thereof.

4.15 Material Contracts. (a) Schedule 4.15 sets forth all of the following Contracts to which each Company is a party or by which it is bound (collectively, the "Material Contracts"): (i) Contracts with the Seller or its Affiliates or any current officer or director of either of the Companies; (ii) Contracts with any labor union or association representing any employee of either of the Companies; (iii) Contracts pursuant to which any

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party is required to purchase or sell a stated portion of its requirements or output from or to another party; (iv) Contracts for the sale of any of the assets of either of the Companies other than in the ordinary course of business or for the grant to any person of any preferential rights to purchase any of its assets, including rights of first refusal; (v) joint venture agreements; (vi) material Contracts containing covenants of either of the Companies not to compete in any line of business or with any person in any geographical area or covenants of any other person not to compete with either of the Companies in any line of business or in any geographical area; (vii) Contracts relating to the acquisition by either of the Companies of any operating business or the capital stock of any other person; (viii) Contracts relating to the borrowing of money; (ix) Contracts relating to any financial arrangements not reflected in the Balance Sheet; or (x) any other Contracts, other than Real Property Leases, which involve the expenditure of more than $1,000,000 in the aggregate or $500,000 annually or require performance by any party more than one year from the date hereof. There have been made available to the Purchaser, its Affiliates and their representatives true and complete copies of all of the Material Contracts. Except as set forth on Schedule 4.15, all of the Material Contracts and other agreements are in full force and effect and are the legal, valid and binding obligation of each Company enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Except as set forth on Schedule 4.15, neither Company is in default in any material respect under any Material Contracts, nor, to the Knowledge of the Seller, is any other party to any Material Contract in default thereunder in any material respect.

(b) To the Knowledge of Seller, as of the date hereof, Republic has not produced paperboard meeting the quality specifications set forth in the Republic Agreement in sufficient quantities for the requisite period of time required to achieve Commercial Production, as such term is defined therein, by April 1, 2002. The outside date by which Republic is required to-give the Commencement Notice, as such term is defined therein, has not been extended past April 1, 2002.

4.16 Employee Benefits.

(a) Schedule 4.16(a) sets forth a complete and correct list of (i) all "employee benefit plans", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and (ii) all other employee benefit arrangements, programs or payroll practices (including, without limitation, severance pay, vacation pay, company awards, salary continuation, disability, sick leave, retirement, deferred compensation, bonus or other incentive compensation, stock purchase, stock option, medical, life insurance and scholarship arrangements, programs or practices), as to which the Seller or any Company has any obligation or liability (contingent or otherwise) with respect to employees of the Companies ("Employee Benefit Plans"). Schedule 4.16(a) clearly identifies, in separate categories, Employee Benefit Plans that are (i) multiemployer plans (as defined in Section 4001(a)(3) of ERISA) ("Multiemployer Plans") or (ii) sponsored and maintained directly by any of the Companies and not by Seller ("Company Plans"). None of the Employee Benefit Plans is subject to Section 4063 and 4064 of ERISA.

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(b) Except as disclosed on Schedule 4.16(b), each of the Employee Benefit Plans intended to qualify under Section 401 of the Code ("Qualified Plans") so qualifies, the trusts maintained thereto are exempt from federal income taxation under Section 501 of the Code, and nothing has occurred with respect to the operation of any such plan which could cause the loss of such qualification or exemption or the imposition of any liability, penalty or tax under ERISA or the Code.

(c) Except as disclosed on Schedule 4.16(c) separately for any Multiemployer Plan, none of the Companies would incur any withdrawal liability (whether or not assessed) under ERISA in the event the Companies and each trade or business (whether or not incorporated) under common control or treated as a single employer with any of the Companies pursuant to Sections 414(b) or (c) of the Code.("ERISA Affiliate") had a complete withdrawal from each Multiemployer Plan.

(d) True, correct and complete copies of the following documents, with respect to each of the Employee Benefit Plans (as applicable), have been delivered to the Purchaser (A) any plans and related trust documents, and all amendments thereto, (B) the most recent Forms 5500 for the past three years and schedules thereto, (C) the most recent financial statements and actuarial valuations for the past three years, (D) the most recent Internal Revenue Service determination letter, (E) the most recent summary plan descriptions (including letters or other documents updating such descriptions) and (F) written descriptions of all non-written agreements relating to the Employee Benefit Plans.

(e) There are no pending or, to the Knowledge of Seller, threatened Legal Proceedings against or relating to any of the Employee Benefit Plans, the assets of any such plans, or the plan administrator or any fiduciary of the Employee Benefit Plans with respect to the operation of such plans (other than routine, uncontested benefit claims), and to the Knowledge of the Seller, there are no facts or circumstances which could form the basis for any such Legal Proceeding.

(f) Each of the Company Plans has been maintained, administered and operated, in all material respects, in accordance with its terms and applicable Law, including ERISA and the Code. All amendments and actions required to bring each of the Company Plans into conformity in all material respects with all of the applicable provisions of ERISA, the Code and other applicable Laws have been made or taken, except to the extent that such amendments or actions are not required by law to be made or taken until a date after the Closing Date and are disclosed on Schedule 4.16(f).

(g) None of the Companies has any direct or indirect obligation or liability arising from or in connection with any "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA with respect to any of the Employee Benefit Plans.

(h) Except as disclosed on Schedule 4.16(h), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment becoming due to any employee of either Company; (ii) satisfy any condition to any payment to any employee of either Company; (iii) increase any benefits

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otherwise payable under any Employee Benefit Plan; or (iv) result in the acceleration of the time of payment or vesting of any such benefits or payments.

(i) No stock or other security issued by either Company forms or has formed a material part of the assets of any Employee Benefit Plan.

4.17 Labor.

(a) Except as set forth on Schedule 4.17(a), neither Company is party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to employees of either Company. The Seller has delivered or otherwise made available to the Purchaser true, correct and complete copies of the labor or collective bargaining agreements listed on Schedule 4.17(a), together with all amendments, modifications or supplements thereto.

(b) Except as set forth on Schedule 4.17(b). no employees of the Companies are represented by any labor organization. No labor organization or group of employees of either Company has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of the Seller, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity involving either Company pending or, to the Knowledge of the Seller, threatened by any labor organization or group of employees of either Company.

(c) There are no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances or other labor disputes pending or, to the Knowledge of the Seller, threatened against or involving either Company. There are no material unfair labor practice charges, grievances or complaints pending or, to the Knowledge of the Seller, threatened by or on behalf of any employee or group of employees of either Company.

(d) Except for the individuals set forth on Schedule 4.17(d), none of the employees of the Seller or any of its affiliates (other than the Companies) performs any services for or otherwise relating to the business or activities of either Company ("Shared Service Employees").

4.18 Litigation.

(a) Except as set forth in Schedule 4.18, there is no suit, action, proceeding, investigation, claim or order pending or, to the Knowledge of the Seller, threatened against either Company or any of the Companies' Property (or pending or, to the Knowledge of the Seller, threatened, against any of the officers, directors or key employees of either Company with respect to their business activities on behalf of such Company), or to which the Seller or the Companies is otherwise a party before any Governmental Body; nor to the Knowledge of the Seller is there any reasonable basis for any such action, proceeding, or investigation. Neither of the Companies is subject to any judgment, order or decree of any court or Governmental Body. Neither of the Companies is engaged in any legal action to

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recover monies due it or for damages sustained by it which, if adversely determined, would have a Material Adverse Effect.

(b) There is no suit, action, proceeding, investigation, claim or order pending, or to the Knowledge of Seller, threatened, or to which Seller is otherwise a party (and to Seller's Knowledge no grounds on which any such action might be commenced) which might adversely affect the ability of the Seller to enter into this Agreement or perform its obligations hereunder.

4.19 Compliance with Laws; Permits.

(a) The Companies are in compliance in all material respects with all Laws applicable to the Companies or to the conduct of the business or operations of the Companies or the use of their respective properties (including any leased properties) and assets. Each Company has all governmental Permits and approvals from state, federal or local authorities which are required for such Company to operate its business as presently conducted and as proposed to be conducted, except where the failure to so comply would not result in a Material Adverse Effect.

(b) Schedule 4.19 lists all material Permits used by each Company in the conduct of its business or operations. All such Permits are valid and enforceable, and neither Company is in default thereunder.

4.20 Environmental Matters. Except as set forth on Schedule 4.20 hereto:

(a) There are, and for the past five years have been, no claims, actions, suits, proceedings or investigations related to Environmental Matters with respect to the ownership, use, condition or operation of any of the properties and assets held for use or sale by the Companies or, to the Seller's Knowledge, any of their respective predecessors, pending in any Governmental Body (collectively, "Environmental Litigation"), which if adversely determined would have a Material Adverse Effect. There are no existing, and for the past five years have been no, violations of federal, state, local or other governmental laws, regulations, ordinances or orders related to Environmental Matters by either of the Companies with respect to the ownership, use, condition or operation of any real property purported to be owned or leased by either of the Companies or any other assets of either of the Companies, which violations, individually or in the aggregate, would have a Material Adverse Effect. No written or oral notice, or other communication from any Governmental Body of any alleged violation of any ordinance, law, decree, order, code, or governmental rule or regulation related to Environmental Matters has been filed or communicated to management of either of the Companies with respect to the use, ownership, condition, operation, or disposal of any of the properties and assets of either of the Companies or any property or asset formerly held for use or sale by either of the Companies, the subject matter of which notice would have a Material Adverse Effect.

(b) No soil or water in, on, under or emanating from any real property owned or leased by either of the Companies or any other assets or premises of either of the Companies has been contaminated by any Hazardous Substance while or, to the Seller's Knowledge, before such property, assets or premises were owned, leased, operated or

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managed, directly or indirectly, by either of the Companies, which contamination would have a Material Adverse Effect.

(c) All waste containing any Hazardous Substances generated, used, handled, stored, treated or disposed of by each Company or, to the Seller's Knowledge, by any of its predecessors has been released or disposed of in compliance with all applicable requirements under applicable Environmental Laws, except where the failure to be in such compliance would not result in a Material Adverse Effect.

(d) Each Company has obtained and is, and has been, in compliance with all permits, licenses and other authorizations that are required pursuant to Environmental and Safety Requirements for the occupation of their facilities and the operation of their business, except where any failure to so obtain or comply would not have a Material Adverse Effect.

(e) There is not now, nor has there been in the past, on, in or under any real property owned, leased or operated by either of the Companies or, to the Seller's Knowledge, any of their predecessors (i) any underground storage tanks, above-ground storage tanks, dikes or impoundments, (ii) any asbestos-containing materials, (iii) any polychlorinated biphenyls; or (iv) any radioactive substances.

(f) The Seller has provided to the Purchaser all environmentally related audits, studies, reports, analyses, and results of investigations that have been performed with respect to the currently or previously owned, leased or operated properties of each Company.

(g) Neither of the Companies has ever sold, rented, leased, manufactured, produced, processed, provided, or delivered any product, component part or raw material containing asbestos. Neither of the Companies has any liability involving asbestos arising out of any injury to a person or property as a result of the ownership, possession, or use of any equipment, product, or service sold, rented, leased, manufactured, produced, processed, provided, or delivered by either of the Companies or their Affiliates or, to the Seller's Knowledge, any of its predecessors on or prior to the Closing Date. Neither of the Companies is, to the Seller's Knowledge, a successor to any other Person with respect to any product liability claims. Neither of the Companies has assumed contractually or, to the Seller's Knowledge, by operation of law any liability for products manufactured, sold, or distributed by, or for, any other Person. Schedule 4.20(g) describes all product liability claims involving asbestos brought against each Company regardless of whether such claims were meritorious, groundless, or otherwise. To the Seller's Knowledge, the written materials supplied to the Purchaser in response to Purchaser's written questions to Seller, copies of which are contained in Schedule 4.20(g), do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(h) The representations and warranties contained in this Section 4.20 shall constitute the sole representations and warranties with respect to Environmental Matters (including, without limitation, matters arising pursuant to Environmental and Safety Requirements).

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4.21 Insurance. Schedule 4.21 sets forth a complete and accurate list of all policies of insurance of any kind or nature covering each Company or any of its employees, properties or assets, including, without limitation, policies of life, disability, fire, theft, workers compensation, employee fidelity and other casualty and liability insurance, as well as all claims relating to any of the foregoing. To the Seller's Knowledge, all such policies are in full force and effect, and, to the Seller's Knowledge, there is no existing default by either of the Companies or event which, with the giving of notice or lapse of time or both would constitute a default by either of the Companies thereunder.

4.22 Related Party Transactions.

(a) Except as set forth on Schedule 4.22(a), neither the Seller nor any of its Affiliates has outstanding any indebtedness or other similar obligations to either of the Companies. Except as set forth in Schedule 4.22(a), neither the Seller, the Companies, any Affiliate of the Companies or the Seller nor, to the Seller's Knowledge, any officer, director or employee of any of them (i) owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is (A) a competitor, supplier, customer, landlord, tenant, creditor or debtor of either of the Companies, (B) engaged in a business related to the business of the Companies, or (C) a participant in any transaction to which the Companies is a party or (D) is a party to any Contract with the Companies.

(b) Except for the services set forth in Schedule 4.22(b)(i), Seller and its Affiliates provide no material services to either of the Companies. Except as set forth in Schedule 4.22(b)(ii), Seller and its Affiliates (other than the Companies) do not own any assets (including fixed assets, inventories and Intellectual Property) that are used exclusively or primarily in the conduct of either of the Companies' businesses (including the business of any Subsidiary).

4.23 Customers and Suppliers. Schedule 4.23 sets forth a list of the twenty (20) largest customers and the twenty (20) largest suppliers of each Company, as measured by the dollar amount of purchases therefrom or thereby, during each of the fiscal year ended March 31, 2001 and the nine month period ended December 31, 2001, showing the approximate total sales by each Company to each such customer and the approximate total purchases by each Company from each such supplier, during such period. Except as set forth on Schedule 4.23, since December 31, 2001, there has not been any adverse change in the business relationship of either of the Companies with any customer or supplier listed on Schedule 4.23 except where such adverse change would not have a Material Adverse Effect.

4.24 Product Warranties: Regulatory Compliance Regarding Products. Other than as set forth on Schedule 4.24, there are no warranties with respect to the products or services of the Companies that have been made since January 1, 1999, and except with respect to the dollar amount of Claims specifically identified in Schedule 4.24, there have not been any Claims (as defined in Schedule 4.24) for breach of product or service warranties to customers that have been made against the Companies since January 1, 1999, and there are no pending or, to the Knowledge of the Seller, threatened Claims with respect to any such warranty. Since January 1, 1999, no governmental authority regulating the design,

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manufacture, marketing, testing or advertising of any of the products manufactured, sold, distributed or used by the Companies has requested that any such product be removed from the market, that substantial new product testing be undertaken as a condition to the continued manufacturing, selling, distribution or use of any such product or that such product be modified, in each case in any manner that would reasonably be likely to have a Material Adverse Effect.

4.25 Financial Advisors. Except as set forth on Schedule 4.25, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Seller or the Companies in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

4.26 No Other Representations and Warranties. Except for the representations and warranties contained in this Section 4, none of Seller or any other Person makes any other express or implied representation or warranty on behalf of Seller.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser hereby represents and warrants to the Seller that:

5.1 Organization and Good Standing. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

5.2 Authorization of Agreement. The Purchaser has full corporate power and authority to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by the Purchaser in connection with the consummation of the transactions contemplated hereby and thereby (the "Purchaser Documents"), and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Purchaser of this Agreement and each Purchaser Document have been duly authorized by all necessary corporate action on behalf of the Purchaser. This Agreement has been, and each Purchaser Document will be at or prior to the Closing, duly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each Purchaser Document when so executed and delivered will constitute, legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

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5.3 Conflicts; Consents of Third Parties.

(a) Neither of the execution and delivery by the Purchaser of this Agreement and of the Purchaser Documents, nor the compliance by the Purchaser with any of the provisions hereof or thereof will (i) conflict with, or result in the breach of, any provision of the certificate of incorporation or by-laws of the Purchaser, (ii) conflict with, violate, result in the breach of, or constitute a default under any Contract, note, bond, mortgage, indenture, license, agreement or other obligation to which the Purchaser is a party or by which the Purchaser or its properties or assets are bound or (iii) violate any statute, rule, regulation, order or decree of any Governmental Body or authority by which the Purchaser is bound, except, in the case of clauses (ii) and (iii), for such violations, breaches or defaults as would not, individually or in the aggregate, have a material adverse effect on the business, properties, results of operations, conditions (financial or otherwise) of the Purchaser and its Subsidiaries, taken as a whole.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of the Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents or the compliance by Purchaser with any of the provisions hereof or thereof, except for compliance with the applicable requirements of any applicable Antitrust Acts.

5.4 Litigation. There are no Legal Proceedings pending or, to the Knowledge of the Purchaser, threatened that are reasonably likely to prohibit or restrain the ability of the Purchaser to enter into this Agreement or consummate the transactions contemplated hereby.

5.5 Investment Intention. The Purchaser is acquiring the Shares for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "Securities Act") thereof. Purchaser understands that the Shares have not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

5.6 Financial Advisors. Except as set forth on Schedule 5.6, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Purchaser in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

5.7 Financial Resources. The Purchaser has all requisite approvals and sufficient funds to pay the Purchase Price, to make all other necessary payments by it in connection with the purchase of the Shares contemplated hereby, and to pay all of its related fees and expenses on the Closing Date, which funds will be available at the Closing for all such purposes.

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ARTICLE VI

COVENANTS

6.1 Access to Information; Confidentiality.

(a) The Seller agrees that, prior to the Closing Date, the Purchaser shall be entitled, through its officers, employees and representatives (including, without limitation, its financial advisors, legal advisors and accountants), to make such investigation of the properties, businesses and operations of the Companies and such examination of the books, records and financial condition of the Companies as it reasonably requests and, at its expense, to make extracts and copies of such books and records. Any such investigation and examination shall be conducted during regular business hours and under reasonable circumstances and conditions consistent with the Antitrust Acts, and the Seller shall cooperate, and shall cause the Companies and their officers, employees and representatives (including, without limitation, legal advisors and accountants) to cooperate fully therein. For the avoidance of doubt, the Purchaser shall not conduct any "Phase II" environmental investigation of the Companies' properties without the prior written consent of the Seller. No investigation by the Purchaser prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of the Seller contained in this Agreement or the Seller Documents.

(b) The Purchaser and the Seller agree that, following the execution of this Agreement, the Confidentiality Agreement attached as Exhibit B shall remain in full force and effect. In addition, each party agrees to treat any information concerning the business and properties of the other that it obtains in connection with the preparation of submissions to Governmental Bodies pursuant to this Agreement in the same manner as confidential information is to be treated pursuant to the provisions of the Confidentiality Agreement.

6.2 Conduct of the Business Pending the Closing.

(a) Except as otherwise expressly contemplated by this Agreement or with the prior written consent of the Purchaser, prior to the Closing the Seller shall use its commercially reasonable efforts to, and shall cause the Companies to:

(i) conduct the businesses of the Companies only in the ordinary course consistent with past practice;

(ii) use its commercially reasonable efforts to (A) preserve its present business operations, organization (including, without limitation, management and the sales force) and goodwill of the Companies and (B) preserve its present relationship with Persons having business dealings with the Companies;

(iii) maintain, consistent with past practices, (A) all of the assets and properties of the Companies in their current condition, ordinary wear and tear excepted and (B) insurance upon all of the properties and assets of the Companies in such amounts and of such kinds comparable to that in effect on the date of this Agreement;

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(iv) (A) maintain the books, accounts and records of the Companies in the ordinary course of business consistent with past practices, (B) continue to collect accounts receivable and pay accounts payable utilizing normal procedures and without discounting or accelerating payment of such accounts receivable or deferring accounts payable, and (C) comply with all contractual and other obligations applicable to the operation of the Companies;

(v) consult with Purchaser prior to engaging in any negotiations with Republic or its agents or advisors regarding the Republic Agreement;

(vi) consult with Purchaser prior to engaging in any negotiations with organized labor regarding the Las Vegas union contract and allow Purchaser to participate in any such negotiations.

(b) Except as set forth on Schedule 6.2(b) or otherwise expressly contemplated by this Agreement or with the prior written consent of the Purchaser, the Seller shall not, and shall cause the Companies not to:

(i) declare, set aside, make or pay any dividend or other distribution in respect of the capital stock of the Companies or repurchase, redeem or otherwise acquire any outstanding shares of the capital stock or other securities of, or other ownership interests in, the Companies;

(ii) dispose, destroy or otherwise remove from the Companies any fixed asset, intangible asset or any other non-working capital asset with an individual value of $10,000 or $100,000 for all assets in the aggregate required for the operation of the business of the Companies;

(iii) transfer, issue, sell or dispose of any shares of capital stock or other securities of the Companies or grant options, warrants, calls or other rights to purchase or otherwise acquire shares of the capital stock or other securities of the Companies;

(iv) effect any recapitalization, reclassification, stock split or like change in the capitalization of the Companies;

(v) amend the certificate of incorporation or by-laws of the Companies;

(vi) (A) materially increase the annual level of compensation of any employee of the Companies, (B) increase the annual level of compensation payable or to become payable by the Companies to any of their respective executive officers, (C) grant any bonus, benefit or other direct or indirect compensation to any employee, director or consultant, other than in the ordinary course consistent with past practice and in such amounts as are fully reserved against in the Final Closing Accounts, (D) increase the coverage or benefits available under any (or create any new) severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan or arrangement made to, for, or with any of the directors, officers, employees, agents or representatives of the Companies or otherwise modify or amend or terminate any

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such plan or arrangement or (E) enter into any employment, deferred compensation, severance, consulting, non-competition or similar agreement (or amend any such agreement) to which either of the Companies is a party or involving a director, officer or employee of such Company in his or her capacity as a director, officer or employee of the Companies;

(vii) except for trade payables and for indebtedness for borrowed money incurred in the ordinary course of business and consistent with past practice, borrow monies for any reason or draw down on any line of credit or debt obligation, or become the guarantor, surety, endorser or otherwise liable for any debt, obligation or liability (contingent or otherwise) of any other Person;

(viii) subject to any Lien (except for leases that do not materially impair the use of the property subject thereto in their respective businesses as presently conducted), any of the properties or assets (whether tangible or intangible) of the Companies;

(ix) acquire any material properties or assets or sell, assign, transfer, convey, lease or otherwise dispose of any of the material properties or assets (except for fair consideration in the ordinary course of business consistent with past practice) of the Companies;

(x) cancel or compromise any debt or claim or waive or release any material right of the Companies except in the ordinary course of business consistent with past practice;

(xi) enter into any commitment for capital expenditures of the Companies in excess of $175,000 for any individual commitment and $350,000 for all commitments in the aggregate;

(xii) except as set forth on Schedule 6.2(b)(xii), enter into, modify or terminate any labor or collective bargaining agreement of the Companies or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization with respect to the Companies;

(xiii) introduce any material change with respect to the operation of the Companies, including any material change in the types, nature, composition or quality of its products or services, experience any material change in any contribution of its product lines to its revenues or net income, or, other than in the ordinary course of business, make any change in product specifications or prices or terms of distributions of such products;

(xiv) permit the Companies to enter into any transaction or to make or enter into any Contract which by reason of its size or otherwise is not in the ordinary course of business consistent with past practice;

(xv) permit the Companies to enter into or agree to enter into any merger or consolidation with any Person; engage in any new business or invest in, make a loan, advance or capital contribution to, or otherwise acquire the securities of any other Person;

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(xvi) except for transfers of cash pursuant to normal cash management practices, permit the Companies to make any investments in or loans to, or pay any fees or expenses to, or enter into or modify any Contract with, the Seller or any Affiliate of the Seller;

(xvii) extend the time for Republic to achieve Commercial Production or provide the Commencement Notice in connection with the Republic Agreement or otherwise amend, supplement or modify the Republic Agreement;

(xviii) amend, supplement or modify the Laing Agreement;

(xix) enter into any (a) gas forward contract or (b) any raw material supply contract that extends beyond thirty (30) days;

(xx) agree to do anything prohibited by this Section 6.2 or anything which would make any of the representations and warranties of the Seller in this Agreement or the Seller Documents untrue or incorrect in any material respect as of any time through and including the Closing Date.

6.3 Consents. The Seller shall use its reasonable commercial efforts, and the Purchaser shall cooperate with the Seller, to obtain at the earliest practicable date all consents and approvals required to consummate the transactions contemplated by this Agreement, including, without limitation, the consents and approvals referred to in Section 4.6(b) hereof.

6.4 Filings with Governmental Bodies.

(a) As promptly as practicable after the execution of this Agreement, each party shall, at its own expense and in cooperation with the other, file or cause to be filed with the relevant Governmental Bodies any reports, notifications or other information that may be required under the Antitrust Acts and shall furnish or cause to be furnished to the other all such information in its possession as may be reasonably necessary for the completion of the reports, notifications or submissions to be filed by the other. Each party agrees to use its best efforts to comply and cause its Affiliates and Representatives to comply in a full and timely manner with any request from a Governmental Body for additional information. In this connection, each of the Purchaser and the Seller will supply the other with copies of all non-privileged correspondence, filings and communications (or memoranda setting forth the substance thereof) between the Purchaser, the Seller and their respective "ultimate parents", on the one hand, and any Governmental Body (or member of its staff) with respect to this Agreement and the transactions contemplated hereby.

(b) Notwithstanding anything to the contrary contained herein, nothing in this Agreement will require the Purchasers or any of its Affiliates, whether pursuant to an order of any Governmental Body or otherwise, to dispose of any assets, lines of business or equity interests in order to obtain the consent of any Governmental Body to the transactions contemplated by this Agreement.

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6.5 Reasonable Commercial Efforts. Each of the Seller and the Purchaser shall use its reasonable commercial efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement, including finalizing the terms of a transitional services agreement in substantially the form of Exhibit C hereto (the "Transitional Services Agreement") and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

6.6 No Solicitation.

(a) The Seller will not, and will not cause or permit the Companies or any of their directors, officers, employees, representatives or agents (collectively, the "Representatives") to, directly or indirectly, (i) discuss, negotiate, undertake, authorize, recommend, propose or enter into, either as the proposed surviving, merged, acquiring or acquired corporation, any transaction involving a merger, consolidation, business combination, purchase or disposition of any amount of the assets or capital stock or other equity interest in one or both of the Companies other than the transactions contemplated by this Agreement (an "Alternative Seller Transaction"), (ii) facilitate, encourage, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Alternative Seller Transaction, (iii) furnish or cause to be furnished, to any Person, any information concerning the business, operations, properties or assets of the Companies in connection with an Alternative Seller Transaction, or (iv) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing. The Seller will forthwith cease, and cause the Companies, their Affiliates and all Representatives to cease, any of the foregoing. The Seller will inform the Purchaser in writing immediately following the receipt by the Seller, the Companies, their Affiliates or any Representative of any proposal or inquiry in respect of any Alternative Seller Transaction.

(b) Prior to the Closing, the Purchaser will not, and will not cause or permit any of its Representatives to, directly or indirectly, (i) discuss, negotiate, undertake, authorize, recommend, propose or enter into, either as the proposed surviving, merged, acquiring or acquired corporation, any transaction involving a merger, consolidation, business combination, purchase or disposition of any amount of the assets or capital stock or other equity interest in the Purchaser (other than the transactions contemplated by this Agreement) that would reasonably be expected to interfere with or delay satisfaction of the condition contained in Section 7.1(g) of this Agreement (an "Inconsistent Purchaser Transaction"), (ii) facilitate, encourage, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Inconsistent Purchaser Transaction, (iii) furnish or cause to be furnished, to any Person, any information concerning the business, operations, properties or assets of the Purchaser in connection with an Inconsistent Purchaser Transaction, or (iv) otherwise cooperate in any way with, or assist of participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing. The Purchaser will forthwith cease, and cause its Representatives to cease, any of the foregoing.

6.7 Access to Records. Following the Closing, Purchaser shall, and shall cause its Affiliates and employees to, upon reasonable request, fully cooperate with Seller

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and afford to Seller and its respective counsel, accountants and other authorized Representatives reasonable access during normal business hours to all books, records, data, facilities, properties and personnel (and permit Seller and its counsel, accountants and other authorized Representatives to make copies of such books, records and other data), to the extent that such may be reasonably requested by the Seller to facilitate (i) the preparation by Seller of such Tax returns as it may be required to file with respect to the operations of the Companies or the ownership of and sale of the Shares or in connection with any audit, amended return, claim for refund or any proceeding with respect thereto, (ii) the investigation, litigation or final disposition of any claim which may have been or may be made against Seller or any of its Affiliates in connection with any of the Companies, (iii) the preparation by Seller of materials necessary for any audit, examination or proceeding and (iv) for any other reasonable business purpose. For a period of five years following the Closing, neither the Purchaser nor the Companies shall destroy or otherwise dispose of any books and records of the Companies that relate to periods prior to the Closing. After such five-year period, in the event either the Purchaser or either of either Companies desires to destroy or otherwise dispose of any such books and records, it shall give notice of such desire to the Seller, and, if the Seller so elects by notice to the Purchaser within 30 days after receiving Purchaser's or a Company's notice, the Seller may obtain such records and store them at the Seller's sole cost and expense.

6.8 Publicity. The Purchaser and the Seller shall announce the transactions contemplated by this Agreement pursuant to mutually agreed upon announcements. Thereafter, prior to the Closing, neither the Seller nor the Purchaser nor any of their respective Affiliates shall issue any press release or make any public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other party, which approval will not be unreasonably withheld or delayed; provided, however, that any party may make any public disclosure it believes in good faith, in the opinion of legal counsel, is required by applicable Law or by the applicable rules of any stock exchange on which the Purchaser's Parent or the Seller's Parent lists securities (in which case the party intending to make such release shall use commercially reasonable efforts to consult with the other party before making the disclosure and to allow the other party to review the text of the disclosure before it is made).

6.9 Settlement of Intercompany Obligations. One day prior to the Closing Date, all loans, net borrowings and other advances between one of the Companies, on the one hand, and the Seller or any of its Affiliates, on the other hand, including those listed on Schedule 6.9 (the "Affiliate Loans"), including any accrued and unpaid interest thereon, shall be extinguished by being repaid or capitalized in full. On or prior to the Closing Date (i) all management or similar fees owing by the Companies to the Seller or its Affiliates shall be paid in full; and (ii) any Contracts providing for management or similar services between the Companies and the Seller or any of its Affiliates shall have been terminated without any liability on the part of the Companies.

6.10 Change of Name; Use of Trade Names. Immediately after the Closing Date, the Purchaser will cause JHG to change its corporate name to such other corporate name as does not contain the words or phrases "James Hardie", "Hardie", "Hardi", any words or phrases similar thereto, or any other trademark, trade name, logo or service

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mark currently employed by Seller or any of its Affiliates or the Companies containing or using such names (collectively, the "Marks"). After the Closing Date, neither the Purchaser nor the Companies shall have any right, title or interest in or to, and neither Purchaser nor the Companies shall use, the Marks; provided, however, that Purchaser and the Companies shall have a period of time, not to exceed six (6) months after the Closing Date, to sell inventory, replace stationery and other documents and forms, and to replace or repaint signs, vehicles and other items, that on the Closing Date bear the Marks, during which period of time the Companies may use such Marks on inventory, documents, forms and other items that have not yet been replaced or repainted.

6.11 Title Insurance. The Seller will cooperate with Purchaser in retaining such title insurance companies and surveyors as are acceptable to the Purchaser, acting reasonably, for purposes of conducting such searches, examinations and other work which may be necessary in order for such title insurance companies to write policies of title insurance (on an ALTA (Form B 1970) title insurance policy or its local equivalent) on the Companies' Property identified as requiring title insurance on Schedule 6.11, in each case insuring that such Companies' Property is owned by the Companies in question free and clear of any and all Liens other than Permitted Exceptions (individually, a "Title Policy" and collectively, "Title Policies"). Costs and fees associated with such searches, examinations, surveys and other work and the premiums associated with obtaining any such title insurance shall be borne equally (i.e., on a 50/50 basis) by the Seller and the Purchaser. The Seller will cooperate with the Purchaser in retaining such law firm or other counsel as is acceptable to Purchaser, acting reasonably, for the purpose of issuing such updates of any existing title opinions acceptable to Purchaser in connection with the Patented Mining Claims and Unpatented Mining Claims set forth on Schedule 6.11 (individually, a "Title Opinion" and collectively, the "Title Opinions"). Each Title Opinion shall provide, among other things, that each Company has and can deliver to Purchaser: (a) good, sufficient and marketable title to the Unpatented Mining Claims, free and clear of all Liens of any nature whatsoever except Liens set forth on Schedule 6.11 and (b) good, marketable, valid and enforceable title to the Patented Mining Claims, free and clear of all Liens of any nature whatsoever except Liens set forth on Schedule 6.11. With respect to Unpatented Mining Claims, each Title Opinion shall further include the opinion that the representations and warranties set forth in Sections 4.12(n)(iii) and 4.12(n)(v) are true and correct. All costs and fees, including reasonable attorneys' fees, associated with such Title Opinion or Title Opinions, shall be borne equally (i.e., on a 50/50 basis) by the Seller and the Purchaser.

6.12 Insurance.

(a) Generally. The Seller will take all necessary action to enable the Companies to assert timely claims under all policies of insurance held by or on behalf of the Seller (with respect to the business of the Companies) or the Companies for losses that could have been asserted if the sale and transfer contemplated by this Agreement had not taken place. The Seller shall not take any action which would deprive the Companies of any insurance coverage in respect of any period on or prior to the Closing Date under policies of insurance held by or on behalf of the Seller (with respect to the business of the Companies), or the Companies.

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(b) Public and Products Liability Insurance. Prior to the Closing, the Seller will purchase "tail" insurance policies in respect of public and products liability with one or more insurers, and on terms and conditions, to which the Purchaser has given its prior written consent. The Seller will pay 50% of the cost of such "tail" policies; provided, however, that Seller's aggregate payments hereunder shall not exceed $100,000.

6.13 Replacement of Seller on Guarantees. As soon as practicable after the Closing; the Purchaser shall, or shall cause an Affiliate of the Purchaser to, replace Seller, its ultimate parent or any Affiliate of Seller (other than the Companies) as guarantor on all of the Companies' letters of credit, performance bonds, reclamation bonds and performance sureties set forth on Schedule 6.13 such that neither Seller, its ultimate parent nor any Affiliate of Seller shall have any obligation after the Closing Date with respect to any such letters of credit, performance bonds, reclamation bonds and performance sureties.

6.14 Employee Matters.

(a) Employment of Employees. Without the prior written consent of the Purchaser, none of the employees of the Seller or any of its Affiliates (other than the Companies) shall be transferred to employment with the Companies, and none of the employees of the Companies shall have their duties or responsibilities increased with respect to the business or activities of, or transferred to employment with, the Seller or any of its Affiliates (other than the Companies). The Seller shall or shall cause an Affiliate (other than the Companies) to employ prior to the close of business on the Closing Date each non-union employee of any Company who was absent from active employment on the Closing Date due to an approved leave of absence, sickness, short-term disability or long-term disability (an "Inactive Employee"), and such Inactive Employees shall be deemed to have transferred their employment from the Companies to the Seller or any such Affiliate prior to the close of business on the Closing Date. The Purchaser acknowledges that by purchasing the Shares, it shall, through the Companies, employ all of the employees of the Companies (other than Inactive Employees) at the close of business on the Closing Date (the "Employees"). Each Company shall offer employment to any Inactive Employee who had been employed by such Company in accordance with the Purchaser's standard hiring procedures, subject to the following conditions: (i) if such Inactive Employee is on medical or disability leave, such individual is released by his or her physician to return to active employment and (ii) such individual actually reports for work with such Company immediately upon such medical release or the expiration of an approved leave; provided, however, that the Company shall not be required to offer employment to any Inactive Employee who does not apply for such employment within six (6) months after the Closing Date or, if later, prior to the expiration of any right to employment required by applicable Law.

(b) Employee Benefit Plans Other Than Company Plans. Effective as of the close of business on the Closing Date, Seller shall take such action as may be necessary to cause either of the Companies to cease to be an adopting employer of any Employee Benefit Plans (other than Company Plans) and the Companies shall not have any obligation or liability (contingent or otherwise) with respect to such plans. Seller shall indemnify and hold harmless each of the Companies and the Purchaser for any and all liabilities (i) arising on or before the Closing Date under Title IV of ERISA or the Code by reason of the Companies being under common control or treated as a single employer with the Seller or any of its

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Affiliates (other than the Companies), (ii) with respect to employment or termination of employment on or before the close of business on Closing Date of any employee of any Company or (iii) under any of the Employee Benefit Plans (other than the Company Plans), except in each case to the extent accrued on the Balance Sheet or as set forth in Sections 6.14 (g) or (h) below. Purchaser may, but is not obligated to, offer employment in its sole discretion to any of the Shared Service Employees who renders services primarily with respect to the Companies.

(c) Defined Contribution Plan. At Purchaser's election, Seller shall either (i) transfer the account balances (including loans to Employees) of Employees under any of the Employee Benefit Plans which is a defined contribution retirement plan to a retirement plan qualifying under Section 401 of the Code and designated by the Purchaser (the "Purchaser's DC Plan") or (ii) permit Employees to make a "direct rollover" of such account balances to the Purchaser's DC Plan. Seller and Purchaser shall reasonably cooperate in good faith to effect such transfers or distributions as soon as practicable after the Closing Date. Seller shall take such action as may be necessary to cause the account balances of all Employees to be fully vested as of the Closing Date.

(d) Past Service Credit. The Purchaser's employee benefit plans shall, solely for purposes of vesting and eligibility (and not benefit accrual), recognize all service of the Employees that was recognized under the corresponding Employee Benefit Plan. The Purchaser agrees that for purposes of the Purchaser's employee health plans applicable to the Employees, the Purchaser will waive any exclusions and conditions based on pre-existing conditions of the Employees to the same extent that they were not otherwise excluded under the Employee Benefit Plans. The Purchaser's health plans shall, with respect to each Employee, credit its deductible, co-payment and out-of-pocket limits for eligible out-of- pocket expenditures (as provided by the Seller's third-party administrator) during the calendar year preceding the Closing Date applicable to such Employee.

(e) Former Employees. Seller shall be solely responsible for providing (i) severance pay or benefits or similar termination benefits for individuals who terminated their employment with any Company on or prior to the close of business on the Closing Date, (ii) COBRA health care continuation coverage to such individuals and "qualified beneficiaries" who experienced a "qualifying event" (as those terms are defined in Section 4980B of the Code) on or prior to the close of business on the Closing Date and (iii) any conversion rights with respect to any Employee covered by the Seller's Employee Benefit Plans who terminated employment on or prior to the close of business on the Closing Date.

(f) Incentive and Deferred Compensation Plans. Seller acknowledges and agrees it shall be solely responsible for any payments that are due under the Seller's Key Management Equity Incentive Plan (shadow stock plan), the James Hardie Industries, N.V. 2001 Equity Plan (stock option plan), the James Hardie Group Economic Profit Incentive Plan, the James Hardie Group Individual Performance Incentive Plan and the James Hardie (Holdings), Inc. Deferred Compensation Plan pursuant to the terms of such plans.

(g) Retention Bonuses and Success Fees. Seller shall be solely responsible for the payment of any retention bonuses pursuant to any Confidential Key Employee Retention Agreement (the "Retention Agreement") described on Schedule 6.14(g),

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and Seller hereby confirms that each such agreement expires in its entirety on March 31, 2002. Seller shall be solely responsible for paying or otherwise satisfying any success fees provided for in the employment contracts listed on Schedule 6.14 (h). Nothing in this Section 6.14 shall be construed as extending the term of any Retention Agreement, and Seller shall not take any action on or prior to Closing to extend the term of any Retention Agreement without Purchaser's prior written consent.

(h) Redundancy Payments. If the Purchaser offers employment to the individual identified in Part A of Schedule 6.14(h) on substantially the same financial terms as he enjoys as of the date hereof (albeit, at the Purchaser's option, for a different position than he occupies as of the date hereof) and the individual accepts such offer of employment, the Purchaser shall be obligated to pay such severance benefits in accordance with the terms of the applicable agreement described on Part A Schedule 6.14(h). If the individual does not accept such offer of employment, the Seller shall pay such severance benefits. The Purchaser shall be solely responsible to make any redundancy payments that become payable pursuant to the agreements identified in Part B of Schedule 6.14(h).

(i) Transition Period. For a period of not more than ninety (90) days following the Closing, at the request of the Purchaser, Seller shall provide (i) administrative services, including but not limited to, payroll, accounts receivable, system support ("Shared Services") and/or health and welfare benefits as provided in the Employee Benefit Plans set forth in Schedule 6.14(i), provided, however, any and all actual costs, insurance premiums, employer contributions and liabilities for claims incurred as a result of providing such payroll and other administrative services and/or such health and welfare benefits on behalf of the Purchaser's employees for claims incurred following the Closing shall be borne by the Purchaser. Purchaser and Seller shall cooperate with each other in implementing the requirements of this section, including but not limited to, the execution and delivery of a transitional services agreement, if appropriate, simultaneous with the Closing.

6.15 Las Vegas Property. A portion of the Owned Properties that is currently used for mining and manufacturing operations located in Las Vegas, Nevada, as more particularly described on Schedule 6.15 attached hereto (the "Property") is the subject of the Laing Agreement. The Laing Agreement provides that the Company will sell a portion of the Property (the "Mine Property" and the "Non-Essential Plant Property" as such premises are described on Schedule 6.15 attached hereto) to Laing and Laing will hold a right of first refusal on the Essential Plant Property (as defined below). The sale of the Mine Property and Non-Essential Plant Property is scheduled to close no later than July 10, 2003. The Mine Property, the Non-Essential Plant Property and the Essential Plant Property collectively comprise the Property, except that, as disclosed in Section 4.12 hereof, the Subject Portion is not presently a portion of the Owned Properties.

(a) Reference is made to the parcel comprised of approximately 79.35 acres and identified as Area 13 ("Area 13") on the aerial photograph attached hereto as Schedule 6.15(a); and to the north approximately one-half of Area 13 comprised of approximately 39.675 acres ("North Area 13 Parcel"). Seller shall use its best efforts to subdivide the North Area 13 Parcel from the remainder of Area 13 by means of either

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recording appropriate parcel map(s) or boundary line adjustments and performing, or causing to be performed, any other appropriate actions to subdivide Area 13 and cause the North Area 13 Parcel to be subject to real property taxation separate and apart from real property taxation for any other property (the "Subdivision") and shall consummate such Subdivision on or before the date that is six (6) months after the Closing Date. The "Essential Plant Property" shall mean the land preliminarily described on Schedule 6.15(a) attached hereto containing approximately 194.965 acres including the North Area 13 Parcel) plus the Subject Portion; provided, however, that the definition of the Essential Plant Property shall be revised within 120 days after Closing to ensure that it: (w) includes all real property interests and rights, including all Water Rights appurtenant to the Property and the right to erect, construct, use, maintain and remove the existing water pumping facility and pipelines, sewers, drainage, electric, gas and other utility facilities, easements, access rights, and other appurtenances necessary or desirable (in Purchaser's sole opinion) for Purchaser to operate the plant currently existing on the Essential Plant Property or to reasonably expand such plant; (x) shall be a contiguous parcel (except for Area 6 as shown on Schedule 6.15(a) attached hereto) and there shall be direct access from a public road to all parts of the Essential Plant Property without crossing third party properties (other than public roads) or third party easements; (y) shall be increased to the extent necessary to include all land within a minimum of 25 meters of all existing plant buildings and operating areas, including, without limitation, areas used for site access, truck and equipment parking, plant roads, gypsum storage, waste storage, production and warehousing areas, and workshops; and (z) is, in all cases, subject to the final approval of Purchaser, which shall not be unreasonably withheld. Any additional property contained in area SL-6 on Exhibit "F" to the Laing Agreement contiguous with and, in the reasonable opinion of Purchaser, useful in connection with, the Essential Plant Property that is obtained pursuant to the BLM Exchange shall be added to the Essential Plant Property (but not in excess of the approximately 216.86 acres contained in SL-6). Purchaser agrees to identify such additional property to Seller within one hundred twenty (120) days after the Closing. JHG shall receive the Subject Portion (not in excess of 20 acres) at no additional charge, but any property that Purchaser identifies to be added to the Essential Plant Property beyond the 194.965 acres identified on Schedule 6.15(a) and the Subject Portion (not in excess of 20 acres) shall be delivered to JHG simultaneously with the payment from JHG or Purchaser to Seller of an amount equal to $17,765.00 per acre (or portion thereof). No portion of the Property currently identified as Essential Plant Property will be conveyed to BLM (as defined in the Laing Agreement) in connection with the BLM Exchange (as defined in the Laing Agreement). The definitions of "Mine Property" and "Non-Essential Plant Property" shall be adjusted at Closing to conform to any change in the definition of "Essential Plant Property."

(i) Prior to the Closing Date, Seller shall cause JHG to transfer the Mine Property and the Non-Essential Plant Property and Area 13 to Seller (but specifically excluding all Water Rights appurtenant to the Property, a perpetual easement with respect to certain water pipes and other utilities located on the Non-Essential Plant Property, which will be retained in favor of JHG, and all buildings, fixtures, personal property and other improvements located on the Property, including, without limitation,

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the mining equipment, existing water pumping facility and pipelines, and rock conveyor), free and clear of all Liens of any nature whatsoever, except Liens set forth on Schedule 4.12(a) attached hereto and Permitted Exceptions. At Closing, or if later, upon completion of the Subdivision, Seller shall grant and convey the North Area 13 Parcel to JHG pursuant to a Grant, Bargain and Sale Deed in the form attached as Schedule 6.15(a)(i), free and clear of all Liens of any nature whatsoever, except the Plant Lease (defined herein), the ROFR, Liens set forth on Schedule 4.12(a) attached hereto and Permitted Exceptions (the "Transfer").

(ii) If the Subdivision does not occur prior to the Closing Date, at Closing, Seller and JHG shall enter into a lease agreement (the "Plant Lease") for the North Area 13 Parcel for a term of ninety-nine (99) years in the form attached hereto as Schedule 6.15(a)(ii).

(iii) Seller shall use commercially reasonable efforts to cause the Subject Portion to be conveyed by the BLM as a separate parcel in connection with the BLM Exchange. If the BLM conveys the Subject Portion as a separate parcel, then Seller shall cause the Subject Portion to be conveyed immediately to JHG. If for any reason, the BLM does not convey the Subject Portion as a separate parcel, then Seller, at Seller's sole cost and expense, will promptly cause a Subdivision of the Subject Portion from the remainder of the BLM Exchange Property and upon such Subdivision shall convey the Subject Portion to JHG pursuant to a Grant, Bargain and Sale Deed in the form attached as Schedule 6.15(a)(i), free and clear of all monetary Liens and Liens caused or consented to by Seller. From and after the consummation of the BLM Exchange and pending such Subdivision and conveyance to JHG, Seller shall lease the Subject Portion to JHG pursuant to a lease agreement substantially in the same form as the Plant Lease.

(iv) If for any reason the Transfer does not occur on or before the date that is six (6) months after the Closing Date, then Purchaser shall have the option to seek any remedy available at law or in equity, including but not limited to, specific performance of Seller's obligations under this Section 6.15 in respect of the Subdivision and Transfer, and the right to make such filings and seek such permits, consents, certificates, approvals and other actions (in the name of Purchaser or in the name of Seller) as may be, in the opinion of Purchaser, necessary or desirable to accomplish the Subdivision, and upon the request of Purchaser, Seller will execute all documents requested in connection with the foregoing. Seller shall be responsible for all of Purchaser's costs and expenses, including but not limited to, reasonable attorneys' fees, incurred in connection with the foregoing. Such remedies shall be cumulative and not exclusive and shall be in addition to any other remedies which Purchaser may have under this Agreement or otherwise.

(v) Seller shall own the Mine Property and the Non-Essential Plant Property (subject to the terms of this Agreement) and Seller shall be entitled to retain all proceeds from any sale of the Mine Property and the Non-Essential Plant Property; provided, however, that the North Area 13 Parcel shall not be deemed to constitute a portion of the Mine Property or the Non-Essential Plant Property for purposes of the

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preceding provisions of this sentence; provided, further, that at Closing, Seller and JHG shall enter into the Agreement Respecting Continued Mining and Reclamation in the form of Schedule 6.15(a)(iv) (the "Mining Agreement"). The Mining Agreement shall lease to JHG the Mine Property (except for those portions of the Mine Property excepted under the terms of the Mining Agreement) together with all related real property interests, easements, and rights necessary or desirable (in Purchaser's sole opinion) for Purchaser to conduct mining operations on and in the Mine Property in a manner consistent with past practice. If the term of the Mining Agreement ends prior to 18 months after the Closing Date, then Seller shall pay to JHG a sum calculated at a rate equal to $160,000 for each thirty (30) day period during the Shortfall Period (as hereinafter defined), prorated for any partial month (the "Mine Lease Early Termination Penalty"); provided, however that the Mine Lease Early Termination Penalty shall not exceed $2.88 million. The "Shortfall Period" shall mean 548 days less the actual number of days constituting the term of the Mining Agreement, but in any event, the Shortfall Period shall not be less than zero.

(b) After the Closing, JHG (or Purchaser) shall be entitled to retain all proceeds from any sale or lease of the Essential Plant Property including all proceeds from any sale or lease of the Subject Portion. If the Laing Agreement does not close and Seller enters into a sales agreement for the Mine Property and Non-Essential Plant Property with another purchaser (the "Subsequent Purchaser"), then, if requested by Seller, Purchaser shall cause JHG to enter into: (i) an agreement with the Subsequent Purchaser in the same form, and containing the same terms and conditions, as the ROFR; and (ii) an agreement with the Subsequent Purchaser to perform such obligations as required of the Seller under Section 6.5 of the Laing Agreement, subject in any event to the same terms and conditions set forth in Section 6.5 of the Laing Agreement; provided, however, that the North Area 13 Parcel shall not be deemed to constitute a portion of the Mine Property or the Non-Essential Plant Property for purposes of the preceding provisions of this sentence and the rights of any Subsequent Purchaser to the BLM Exchange Property shall be subject to the rights of JHG to the Subject Portion and the Subsequent Purchaser shall confirm so in writing reasonably satisfactory to JHG and Purchaser if the Subject Portion has not already been conveyed to JHG or Purchaser.

(c) Seller covenants and agrees that, except as otherwise provided in or contemplated by this Agreement or where Seller's activities described in subparagraphs (i), (iii), (iv) and (v) below would not have, or would not reasonably be expected to have, an adverse impact on the Essential Plant Property and provided that Purchaser shall receive reasonable prior written notice from Seller of any such proposed action taken by Seller (regardless of Seller's determination of the impact of such action), Seller shall not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed:

(i) (A) supplement, modify or amend the Laing Agreement or (B) apply for or acquiesce in any change in zoning of or master plan for any portion of the Property except as shown on the Laing Specific Plan to the extent consistent with Section 6.15(a) hereof;

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(ii) determine, modify or amend the definition of Essential Plant Property pursuant to the Laing Agreement, and Seller agrees that the definition of Essential Plant Property under the Laing Agreement shall be determined in accordance with Section 6.15(a) hereof;

(iii) agree to any plan for proceeding to obtain approval from the Clark County Commission for the transactions contemplated by the Laing Agreement;

(iv) agree to any BLM Exchange or any Ancillary Document that has or could reasonably be expected to have, an adverse impact on the Essential Plant Property (as such terms are defined in the Laing Agreement);

(v) agree to any plan for reclamation of the Property; or

(vi) provide or sell to Laing or any other purchaser of all or a portion of the Mine Property or Non-Essential Plant Property (including the Bureau of Land Management) water or water rights in an aggregate amount, or for a period of time, in excess of the quantity and time period provided under Section 6.5 of the Laing Agreement, or in any event, in an amount which would limit JHG's rights or ability to obtain sufficient water for, or which would otherwise interfere with the mining operations or gypsum wallboard or related operations at the Property.

(d) Seller covenants and agrees to provide to Purchaser any and all notices, communications, agreements, and other documents and information delivered or received by Seller in connection with the Laing Agreement, including but not limited to any documents referenced in Sections 6.1, 6.2, and 6.7 of the Laing Agreement, the BLM Letter and the BLM Exchange. Seller further covenants and agrees to provide to Purchaser, upon the execution of the Mining Agreement, all drill core, geological, geophysical, and engineering data and maps, logs of drill holes, results of assaying and sampling, and similar data concerning the Mine Property (or copies thereof) which are in the possession or control of Seller or its Affiliates.

(e) Seller represents and warrants that, except as otherwise provided in or contemplated by this Agreement:

(i) each of the representations and warranties set forth in Section 4.12 relating to the Property shall be true and correct as if restated on and as of the effective date of each of the transactions contemplated by this Section 6.15 and the Laing Agreement, including but not limited to, the Subdivision, Transfer, BLM Exchange (as defined in the Laing Agreement), Plant Lease, and Mining Agreement;

(ii) Seller has not entered into any agreement, Contract, negotiation, or other transaction which will, or is reasonably likely to, require or cause Purchaser to cease, diminish, relocate, or otherwise restrict Purchaser's operation of the plant located on the Essential Plant Property;

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(iii) other than the Laing Agreement (including Exhibits A through F referenced therein) and the ROFR, there are no other arrangements, agreements or understandings between Laing and JHG with respect to the Property or any other matters and there are no Ancillary Documents (as defined in the Laing Agreement); and

(iv) Seller has delivered to Purchaser a true and complete copy of the Laing Agreement, including all schedules and exhibits thereto, and the Laing Agreement is in full force and effect and has not been modified or amended.

(f) Notwithstanding any provision in the Mining Agreement, Seller shall be responsible for, and shall indemnify and hold Purchaser and the Companies harmless against, all requirements under Nev. Rev. Stat. Ann. 512 (Mine Safety), Nev. Rev. Stat. Ann. 519A (Reclamation), Nev. Rev. Stat. Ann. 455.010 et seq. (Abatement of Dangerous Conditions), the Federal Mine Safety and Health Act, 30 U.S.C. Sections 801 et seq., and any related or similar applicable federal, state, or local laws, and any regulations or standards promulgated pursuant thereto ("Reclamation Obligations") in connection with the Mine Property; except, however, that Purchaser shall comply with applicable Reclamation Obligations with respect to Purchaser's active mining operations during the term of the Mining Agreement and that Purchaser shall be responsible for any applicable reclamation required by applicable Reclamation Obligations to be performed on an ongoing basis during such active mining operations, but only to the extent required to reclaim Purchaser's own active mining operations. Seller shall remain at all times responsible for all requirements under applicable Reclamation Obligations for temporary or permanent reclamation of inactive, former or abandoned mining areas, including, but not limited to, all requirements for insurance, surety bonds or other forms of financial assurance other than that required for the active mining operations and in place as of the Closing. During the term of the Mining Agreement and the Mining Tail Period (as defined in the Mining Agreement), Purchaser shall cooperate with Seller's reclamation activities and Seller shall conduct all reclamation activities in a manner that does not disrupt or interfere with Purchaser's active mining operations.

(g) Seller covenants and agrees to pursue diligently and in good faith, at Seller's sole cost and expense, the BLM Exchange and Seller shall not modify the BLM Exchange in any manner which results in the Subject Portion not being conveyed to Seller without the prior written consent of JHG and Purchaser. Purchaser and Seller will cooperate to cause the rights contained in the BLM Letter with respect to the Subject Portion to remain in effect until consummation of the BLM Exchange.

(h) Purchaser has identified to Seller in writing certain objections to the form of the Laing Specific Plan proposed by Laing under the Laing Agreement (the "Specific Plan Objections"). Seller agrees to adopt the Specific Plan Objections as Seller's objections to the Laing Specific Plan and to proffer them timely as Seller's response to the proposed Laing Specific Plan under the Laing Agreement. Seller covenants not to waive the Specific Plan Objections and agrees not to acquiesce or consent to a Laing Specific Plan which does not satisfy the Specific Objections without Purchaser's prior written consent (which shall not be unreasonably witheld or delayed).

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6.16 Patent Lawsuits. In the event that a complaint is filed and legal action is commenced by the party set forth in item (i) of Schedule 4.14 against JHG alleging infringement of the U.S. Patent identified in item (i) of Schedule 4.14, Seller will contribute up to $250,000 towards payment of reasonable legal fees and costs actually incurred by JHG in connection with its defense in such legal action; provided, however, that Seller disclaims any express or implied representations or warranties relating to such patent.

6.17 Trademark Licenses/Assignments. As soon as possible after the Closing Date, the Seller shall use its best efforts to cause James Hardie Research Pty. Ltd., at the Seller's discretion, to assign to and/or enter into a perpetual, royalty-free (exclusive for the gypsum business in North America) license with either of the Companies for such trademarks and tradenames as listed on Schedule 4.14 that do not contain the name "Hardie" (or any derivative thereof) as Purchaser may request, pursuant to such documentation as is mutually agreed between Seller and Purchaser.

ARTICLE VII
CONDITIONS TO CLOSING

7.1 Conditions Precedent to Obligations of Purchaser. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the Purchaser in whole or in part to the extent permitted by applicable Law):

(a) All representations and warranties of the Seller contained in Section 4 shall be true and correct when made and at and as of the Closing Date with the same force and effect as though those representations and warranties had been made again at and as of that date, except (i) that any such representations and warranties that are given as of a specified date and relate solely to a specified date shall be true and correct only as of such date and (ii) to the extent any breach thereof, individually or when aggregated with all such breaches, has not had and is not reasonably likely to have a Material Adverse Effect. For purposes of this Section 7.2(a), the truth or correctness of any representation or warranty of the Seller set forth in Section 4 shall be determined without regard to any materiality, "Material Adverse Effect" or "Knowledge" qualification set forth in such representation or warranty;

(b) The Seller shall have performed and complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date;

(c) The Purchaser shall have been furnished with certificates (dated the Closing Date and in form and substance reasonably satisfactory to the Purchaser) executed by an executive officer of the Seller certifying as to the fulfillment of the conditions specified in Sections 7.1 (a) and 7.1(b) hereof;

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(d) Certificates representing 100% of the Shares shall have been validly delivered and transferred to the Purchaser, free and clear of any and all Liens, and the transfer of such Shares shall have been duly and validly recorded on the books of the Companies;

(e) All approvals, consents and waivers set forth on or included in Schedule 7.1(e) shall have been obtained.

(f) Since the date of this Agreement, there shall not have been or occurred any Material Adverse Change;

(g) The waiting periods specified under the Antitrust Acts with respect to the transactions contemplated by this Agreement shall have lapsed or been terminated;

(h) No Legal Proceedings shall have been instituted or threatened by a Governmental Body, and no Legal Proceedings that are reasonably likely to succeed on the merits shall have been instituted by a Person other than a Governmental Body, against the Companies or the Purchaser seeking to restrain or prohibit or to obtain substantial damages with respect to the consummation of the transactions contemplated hereby, and there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(i) The Seller shall have provided the Purchaser with an affidavit of non-foreign status that complies with Section 1445 of the Code (a "FIRPTA Affidavit");

(j) The Purchaser shall have received the written resignations of each director of the Companies;

(k) All Affiliate Loans shall have been repaid to the Companies;

(l) Purchaser shall have obtained the issuance, reissuance or transfer of all Permits required under all Laws, including all Environmental Laws, for the Purchaser to conduct the operations of the Companies as of the Closing Date in all material respects;

(m) Seller and Purchaser shall have entered into the Transitional Services Agreement, the Mining Agreement and the Plant Lease substantially in the forms of the exhibits attached hereto;

(n) The Purchaser shall have received the Title Policies and Title Opinions as set forth in Section 6.11 herein; and

(o) Seller shall have made all conveyances and delivered all deeds, leases, and other documents required under Sections 6.15 and 4.12 herein.

7.2 Conditions Precedent to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of

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which may be waived by the Seller in whole or in part to the extent permitted by applicable Law):

(a) All representations and warranties of the Purchaser contained in Section 5 shall be true and correct when made and at and as of the Closing Date with the same force and effect as though those representations and warranties had been made again at and as of that date, except (i) that any such representations and warranties that are given as of a specified date and relate solely to a specified date shall be true and correct only as of such date and (ii) to the extent any breach thereof, individually or when aggregated with all such breaches, has not had and is not reasonably likely to have a Material Adverse Effect. For purposes of this Section 7.2(a), the truth or correctness of any representation or warranty of the Purchaser set forth in Section 5 shall be determined without regard to any materiality, "Material Adverse Effect" or "Knowledge" qualification set forth in such representation or warranty;

(b) The Purchaser shall have performed and complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date;

(c) The Seller shall have been furnished with certificates (dated the Closing Date and in form and substance reasonably satisfactory to the Seller) executed by an executive officer of the Purchaser certifying as to the fulfillment of the conditions specified in Sections 7.2(a) and 7.2(b);

(d) The waiting periods specified under the Antitrust Acts with respect to the transactions contemplated by this Agreement shall have lapsed or been terminated;

(e) No Legal Proceedings shall have been instituted or threatened by a Governmental Body, and no Legal Proceedings that are reasonably likely to succeed on the merits shall have been instituted by a Person other than a Governmental Body, against the Seller seeking to restrain or prohibit or to obtain substantial damages with respect to the consummation of the transactions contemplated hereby, and there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby.

ARTICLE VIII

DOCUMENTS TO BE DELIVERED

8.1 Documents to be Delivered by the Seller. At the Closing, the Seller shall deliver, or cause to be delivered, to the Purchaser the following:

(a) stock certificates representing 100% of the Shares, duly endorsed in blank or accompanied by stock transfer powers and with all requisite stock transfer tax stamps attached;

(b) the certificates referred to in Section 7.1(c) hereof;

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(c) copies of all approvals, consents and waivers referred to in Section 7.1(e) hereof;

(d) written evidence of the repayment to the Companies of all Affiliate Loans;

(e) written resignations of each of the directors of the Companies;

(f) a duly executed FIRPTA Affidavit for the Seller;

(g) certificates of good standing with respect to each Company issued by the Secretary of State of the State of Nevada and of each state in which each Company is qualified to do business as a foreign corporation; and

(h) such other documents as the Purchaser shall reasonably request.

8.2 Documents to be Delivered by the Purchaser. At the Closing, the Purchaser shall deliver to the Seller the following:

(a) evidence of the wire transfer referred to in Section 2.2(a) hereof;

(b) the certificates referred to in Section 7.2(c) hereof;

(c) such other documents as the Seller shall reasonably request.

ARTICLE IX

INDEMNIFICATION; TAX MATTERS

9.1 Non-Tax Indemnification.

(a) Subject to Section 9.2 hereof, the Seller hereby agrees to defend, indemnify and hold the Purchaser, the Companies, and their respective directors, officers, employees, stockholders, Affiliates, agents, successors and assigns (collectively, the "Purchaser Indemnified Parties") harmless from and against:

(i) any and all Losses based upon, attributable to or resulting from the breach of any representation or warranty of the Seller set forth in Section 4 hereof (other than, for purposes of this Section 9.1(a)(i), the representations and warranties contained in Section 4.20(g) hereof), or any representation or warranty contained in any certificate, document or instrument delivered by or on behalf of the Seller pursuant to this Agreement or the other Seller Documents;

(ii) any and all Losses based upon, attributable to or resulting from the breach of any covenant or other agreement on the part of the Seller or its Affiliates (other than the Companies) under this Agreement or the other Seller Documents;

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(iii) any and all Losses based upon, attributable to or resulting from the Mine Property and the Non-Essential Plant Property other than any such Losses resulting directly from the mining operations of the Purchaser or its Affiliates during the term of the Mining Agreement and the Mining Tail Period (as defined in the Mining Agreement) (provided that the Purchaser's Reclamation Obligations shall be limited as set forth in Section 6.15(f));

(iv) any and all Losses based upon, attributable to or resulting (x) from the breach of the representations and warranties contained in Section 4.20(g) or (y) otherwise from allegations of injury to a person or property damage as a result of the manufacture, sale, distribution, or use of any product, component, or raw material containing asbestos by the Companies or any of their predecessors or Affiliates including, but not limited to, Losses in connection with those cases listed in Schedule 4.20(g);

(v) any and all Losses based upon, attributable to or resulting from environmental conditions at the Duwamish River, Washington;

(vi) any and all Losses based upon, attributable to or resulting from the action entitled Charles Green vs. DeQueen and Eastern Railroad Company et al. (and any other actions based upon, attributable to or resulting from the same circumstances); and

(vii) any and all Losses based upon, attributable to or resulting from JHG's loss of the right of possession and use of the Subject Portion.

(b) Subject to Section 9.2, Purchaser hereby agrees to defend, indemnify and hold the Seller and its Affiliates, agents, successors and assigns (collectively, the "Seller Indemnified Parties") harmless from and against:

(i) any and all Losses based upon, attributable to or resulting from the breach of any representation or warranty of the Purchaser set forth in Section 5 hereof, or any representation or warranty contained in any certificate delivered by or on behalf of the Purchaser pursuant to this Agreement or the other Purchaser Documents;

(ii) any and all Losses based upon, attributable to or resulting from the breach of any covenant or other agreement on the part of the Purchaser or its Affiliates under this Agreement or the other Purchaser Documents;

(iii) any suit or claim of violation brought against Seller under WARN for any action taken or failed to be taken by the Purchaser or its Affiliates; and

(iv) any and all Losses based upon, attributable to or resulting from the operation of the Companies by the Purchaser or its Affiliates after the Closing to the extent the Purchaser is not indemnified for such Losses by the Seller pursuant to this Agreement or the other Seller Documents.

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9.2 Survival of, and Limitations on Indemnification for Breaches of, Representations and Warranties; Other Indemnification Matters.

(a) The parties hereby agree that the representations and warranties contained in this Agreement or in any certificate, document or instrument delivered in connection with this Agreement or, as the case may be, in connection with the other Seller Documents or the other Purchaser Documents, shall survive the execution and delivery of this Agreement, and the Closing hereunder, regardless of any investigation made by the parties and shall not be considered waived by a party's consummation of the transactions contemplated by this Agreement with knowledge of any breach or misrepresentation by the other party. All such representations and warranties, and all claims or actions with respect thereto, shall terminate upon expiration of two (2) years after the Closing Date, except that (i) the representations and warranties contained in Section 4.7 shall have no expiration date, the representations and warranties contained in Section 4.11 shall survive for the period of the applicable statute of limitations and the representations and warranties contained in Section 4.20(g) shall survive until the expiration of thirty (30) years after the Closing Date. It is understood that in the event notice of any claim for indemnification under Section 9.1(a) or 9.1(b) shall have been given within the applicable survival period, the representations and warranties that are the subject of such indemnification claim shall survive until such time as such claim is finally resolved. For the avoidance of doubt, no party will be entitled to indemnification hereunder with respect to a breach of representation or warranty unless the party seeking indemnification shall have delivered written notice to the indemnifying party of its claim based upon a breach of any such representation or warranty prior to the expiration of the survival date applicable to such representation or warranty.

(b) An indemnifying party shall not have any liability under Section 9.1(a)(i) (except to the extent it relates to a breach of representation or warranty contained in Sections 4.7 or 4.11) or Section 9.1(b)(i) hereof unless the aggregate amount of Losses to the indemnified parties finally determined to arise thereunder exceeds an amount (the "Basket") equal to $5 million (the "General Basket") and, in such event, the indemnifying party shall be required to pay the entire amount of such Losses in excess of the General Basket up to an aggregate amount (the "Cap") equal to $100 million (the "General Cap"); provided, however, that (i) there shall be no Cap with respect to a breach of any representation or warranty by Seller made in Section 4.11, (ii) the Cap shall equal the Purchase Price in the case of a breach of representation or warranty contained in Section 4.7, and (iii) the Cap shall equal $250 million in the case of a breach of a representation or warranty contained in Section 4.20(g); and further provided that, for purposes of determining a breach of any representation or warranty, (i) all "materiality" and "Material Adverse Effect" qualifications shall be disregarded, (ii) all "Knowledge" qualifications set forth in Section 4.20 shall be disregarded and (iii) except in the case of a breach of representation or warranty contained in Sections 4.7, 4.11 or 4.20(g), any individual breach, or series of related breaches, shall be disregarded unless the Losses therefrom equal or exceed $75,000 (the "De Minimus"). Notwithstanding anything to the contrary contained in the preceding sentence, Seller shall not have any liability under Section 9.1(a)(i) to the extent it relates to a breach of representation or warranty contained in Section 4.20(a), (b), (c), (d), (e) or (f) where neither of the Companies nor their Affiliates caused or had Knowledge of the condition or circumstances giving rise to

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the Loss, unless the aggregate amount of Losses to the indemnified parties finally determined to arise therefrom exceeds a separate $10 million Basket (the "First Separate Basket").

(c) Seller's indemnification obligations under Sections 9.1(a)(ii) and (vi) and Purchaser's indemnification obligations under Sections 9.1(b)(ii), (iii) and (iv) shall not be subject to a De Minimus, Basket or Cap and shall survive indefinitely. Seller's indemnification obligations under Section 9.1(a)(iii) shall not be subject to a De Minimus or Basket, shall be subject to a Cap of $50 million and shall survive with respect to any claims for which notice is given prior to the expiration of ten (10) years after the Closing Date. Seller's indemnification obligations under Section 9.1(a)(iv) shall not be subject to a De Minimus, shall (except for the existing asbestos cases set forth on Schedule 4.20(g), which shall not be subject to any Basket) be subject to a separate $5 million Basket (the "Second Separate Basket"), shall be subject to a Cap of $250 million and shall survive with respect to any claims for which notice is given prior to the expiration of thirty (30) years after the Closing Date. Seller's indemnification obligations under Section 9.1(a)(v) shall not be subject to a De Minimus, shall be subject to the General Basket, shall be subject to a Cap of $34.5 million and shall survive with respect to any claims for which notice is given prior to the expiration of ten (10) years after the Closing Date. Seller's indemnification obligations under Section 9.1(a)(vii) shall not be subject to a De Minimus, shall be subject to the General Basket, shall be subject to the General Cap and shall survive until such time as JHG has obtained a Millsite Claim, equivalent perpetual assurance of possession and use or a fee simple interest in the Subject Portion.

(d) For the avoidance of doubt, any amounts Seller shall be required to pay hereunder shall be treated cumulatively for purposes of determining whether the applicable Cap has been met and any amounts (excluding De Minimus Amounts and amounts applied against the First Separate Basket or Second Separate Basket) for which a party is not indemnified hereunder shall be treated cumulatively for purposes of determining whether the General Basket has been met.

9.3 Non-Tax Indemnification Procedures.

(a) In the event that any Legal Proceedings shall be instituted or that any claim or demand ("Claim") shall be asserted by any Person entitled to indemnification hereunder, the indemnified party shall reasonably and promptly cause written notice of the assertion of any Claim of which it has knowledge which is covered by this indemnity to be forwarded to the indemnifying party. The indemnifying party shall have the right, at its sole option and expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the indemnified party, and to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Losses indemnified against hereunder. If the indemnifying party elects to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Losses indemnified against hereunder, it shall within five (5) Business Days (or sooner, if the nature of the Claim so requires) notify the indemnified party of its intent to do so. If the indemnifying party elects not to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Losses indemnified against hereunder, fails to notify the indemnified party of its election as herein provided or contests its obligation to indemnify the indemnified party for such Losses under this Agreement, the

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indemnified party may defend against, negotiate, settle or otherwise deal with such Claim. If the indemnified party defends any Claim, then the indemnifying party shall reimburse the indemnified party for the expenses of defending such Claim upon submission of periodic bills. If the indemnifying party shall assume the defense of any Claim, the indemnified party may participate, at his or its own expense, in the defense of such Claim; provided, however, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying party if (i) so requested by the indemnifying party to participate or (ii) in the reasonable opinion of counsel to the indemnified party, a conflict or potential conflict exists between the indemnified party and the indemnifying party that would make such separate representation advisable; and provided, further, that the indemnifying party shall not be required to pay for more than one such counsel for all indemnified parties in connection with any Claim. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Claim.

(b) The indemnifying party may not compromise or settle any matter without the consent of the indemnified party, unless (i) such compromise or settlement includes no finding or admission of any violation of Law or any violation of the rights of any person and (ii) the sole relief provided is monetary damages that are paid in full by the indemnifying party.

(c) After any final judgment or award shall have been rendered by a court, arbitration board or administrative agency of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the indemnified party and the indemnifying party shall have arrived at a mutually binding agreement with respect to a Claim hereunder, the indemnified party shall forward to the indemnifying party notice of any sums due and owing by the indemnifying party pursuant to this Agreement with respect to such matter and the indemnifying party shall be required to pay all of the sums so due and owing to the indemnified party by wire transfer of immediately available funds within five (5) Business Days after the date of such notice.

(d) The failure of the indemnified party to give reasonably prompt notice of any Claim shall not release, waive or otherwise affect the indemnifying party's obligations with respect thereto except to the extent that the indemnifying party can demonstrate actual loss and prejudice as a result of such failure.

9.4 Calculation of Losses.

(a) Final Closing Accounts. The Purchaser will not be entitled to indemnification from Seller for any Losses to the extent that such Losses have been reflected as a deduction in the Final Closing Accounts.

(b) Tax Adjustments.

(i) The Purchaser and the Seller agree that any payments made under this Article 9 shall be treated by the parties hereto for federal, state and local income Tax purposes (whether foreign or domestic) as a non-taxable reimbursement or purchase price adjustment, except to the extent that contrary treatment is required by Law. If, notwithstanding the foregoing treatment by the parties, any indemnity payment is determined

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to be taxable to the indemnified party by any taxing authority, the indemnifying party shall also indemnify the indemnified party for any increase in Tax liability by reason of receipt of the indemnity payment (including any payment made under this Section 9.4(b)(i)).

(ii) The amount of any Losses subject to indemnification hereunder shall be reduced to take into account any Tax benefit actually realized by the indemnified party as a result of the Loss in respect of the taxable year in which such Loss is incurred or paid, and with respect to a Tax benefit actually realized in a year subsequent to the year in which the Loss is incurred or paid, the indemnified party shall pay to the indemnifying party such Tax benefit when such benefit is actually realized.

(c) Insurance. The Purchaser will not be entitled to indemnification from Seller for any Losses unless and until the Purchaser has used its reasonable commercial efforts to pursue (not including any litigation) all claims for insurance available from third parties to it and its Affiliates with respect to such Losses, provided that the Purchaser shall not be required to pursue any claim for insurance if the submission of any such claim or the payment by any such third party insurer would require the Purchaser to incur or accrue any material costs, including without limitation, any legal or administrative costs, costs of investigation and/or attorneys' fees, would result in any imposition of or increase in Purchaser's present, retrospective or future premiums, self-retention amounts or deductibles, or would result in the inability of the Purchaser to obtain insurance. The amount of any Losses subject to indemnification hereunder shall be calculated net of any insurance actually received from third party insurance carriers by the Purchaser or the Companies with respect to such Losses. In the event Seller or any Person acting on behalf of Seller makes any payment hereunder with respect to any Losses, the Purchaser shall assign to such payer (without recourse to the Purchaser) its rights, if any, against any third party insurance carrier providing coverage with respect to such Losses.

9.5 Certain Other Limitations. Following the Closing, other than in the case of fraud, the indemnification provided by Section 9 shall be the sole and exclusive remedy for the Purchaser and for the Seller with respect to this Agreement or any of the agreements and/or transactions contemplated hereby or thereby. No indemnified party shall be entitled to indemnification from any indemnifying party under this Section 9 in respect of any consequential or punitive damages except for indemnification for consequential or punitive damages that are paid by an indemnified party to a third party (i.e. to a Person that is not an Affiliate of the indemnified party).

9.6 Tax Matters.

(a) The Seller shall be liable for and shall indemnify and hold the Purchaser Indemnified Parties harmless from and against any and all claims which arise or result from or otherwise relate to:

(A) any and all Taxes imposed on each Company for any taxable year or period that ends on or before the Closing Date and for the portion of any Straddle Period which ends immediately after the close of business on the Closing Date;

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(B) any and all Taxes imposed on any member of any Affiliated Group of which either of the Companies is or was a member on or prior to the Closing Date, by reason of the liability of either of the Companies pursuant to Treasury Regulation Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar provision under state, local or foreign Law), including without limitation any liability for Taxes resulting from an "intercompany transaction" in respect of which gain was deferred pursuant to Treasury Regulations Section 1.1502-13 (or any predecessor or successor thereof or any analogous or similar provision under state, local or foreign Law), that occurred on or before the Closing Date;

(C) any and all Taxes resulting from, arising out of or based on the Section 338(h)(10) Election made pursuant to this Agreement;

(D) any breach or inaccuracy of any of the representations contained in Paragraph 4.11 of this Agreement or breach of any covenant contained in this Agreement with respect to Taxes;

(E) any Tax Sharing Agreement in effect on or prior to the Closing Date;

(F) any and all Transfer Taxes for which Seller is responsible under Section 9.6(d); and

(G) all Taxes attributable to the transactions described in Section 6.15(a) and all Taxes attributable to the Property as defined in Section 6.15 (other than Taxes attributable to the Essential Plant Property for periods after the Closing Date or the date of its Transfer to JHG, if later).

(b) The Purchaser shall be liable for and shall indemnify and hold the Seller Indemnified Parties harmless from and against any and all claims which arise or result from or relate to Taxes imposed on each Company: (A) for any taxable year or period that begins after the Closing Date; and (B) for the portion of any Straddle Period beginning after the Closing Date.

(c) To the extent permitted by Law or administrative practice, the taxable year of each Company that includes the Closing Date shall be treated as closing immediately after the close of business on the Closing Date. For purposes of Sections 9.6(a) and (b), where it is necessary to apportion between Seller and Purchaser the Tax liability of each Company for a Straddle Period (which is not treated under the immediately preceding sentence as closing immediately after the close of business on the Closing Date), such liability shall be apportioned between the period deemed to end at the close of business on the Closing Date (the "Pre-Closing Period") and the period deemed to begin at the beginning of the day following the Closing Date (the "Post-Closing Period") on the basis of an interim closing of the books or, in the case of non-income Taxes not susceptible to such apportionment, on the basis of the number of days elapsed in the Pre-Closing and Post-Closing Periods.

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(d) Seller shall be liable for and shall pay all Transfer Taxes resulting from, arising out of or based on the transactions contemplated by this Agreement (including any such Taxes resulting from, arising out of or based on the Section 338(h)(10) Election).

(e) Any Tax Sharing Agreement in effect at the Closing Date shall be terminated as of the Closing Date as to each Company, and no amounts shall be due from or due to either of the Companies after the Closing Date pursuant to any Tax Sharing Agreement in effect on or prior to the Closing.

9.7 Tax Returns.

(a) Seller shall prepare, in a manner consistent with prior practice and in accordance with applicable Law, and file or cause to be filed when due:

(A) all Tax Returns that are required to be filed by or with respect to each Company on or before the Closing Date; and

(B) all Tax Returns relating to Taxes of an Affiliated Group of which the Companies were members (other than any group which includes only the Companies) on or prior to the Closing Date, that are required to be filed by or with respect to each of the Companies for taxable years or periods ending on or before the Closing Date.

Seller shall remit (or cause to be remitted) any Taxes due with respect to such Tax Returns.

(b) Except as otherwise provided in Section 9.7(a), Purchaser shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to each of the Companies after the Closing Date and Purchaser shall remit (or cause to be remitted), subject to receiving payment from Seller in accordance with Section 9.7(c), any Taxes due in respect of such Tax Returns.

(c) Purchaser shall furnish a completed copy of any Tax Returns with respect to which any Taxes shown due thereon are the responsibility of Seller pursuant to Section 9.6(a) (including any Tax Return for any Straddle Period) to Seller for Seller's approval not later than 30 days before the due date for filing such returns (including extensions thereof), together with a statement setting forth the amount of Tax for which Seller is responsible pursuant to Section 9.6(a) (including, but not limited to, the amount that is allocable to Seller pursuant to Section 9.6(c)) (the "Statement"). Seller shall have the right to review such Tax Return and the Statement prior to the filing of such Tax Return. Seller and Purchaser agree to consult and resolve in good faith any issue arising as a result of the review of such Tax Return and the Statement and to mutually consent to the filing as promptly as possible of such Tax Return. In the event the parties are unable to resolve any dispute within ten (10) Business Days following the delivery of such Tax Return and the Statement, the parties shall jointly request the Third Accounting Firm to resolve any issue in dispute as promptly as possible. If the Third Accounting Firm is unable to make a determination with respect to any disputed issue within five Business Days prior to the due date (including extensions) for the filing of the Tax Return in question, then Purchaser may

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file such Tax Return on the due date (including extensions) therefor without such determination having been made and without Seller's consent. Notwithstanding the filing of such Tax Return, the Third Accounting Firm shall make a determination with respect to any disputed issue, and the amount of Taxes for which Seller is responsible under Section 9.6(a) (including, but not limited to, the amount that is allocable to Seller pursuant to Section 9.6(c)), shall be as determined by the Third Accounting Firm. The fees and expenses of the Third Accounting Firm shall be paid one-half by Purchaser and one-half by Seller. Not later than ten (10) Business Days before the due date for the payment of Taxes with respect to such Tax Return, and notwithstanding any dispute as to the Statement, Seller shall pay to Purchaser an amount equal to the Taxes shown on the Statement as being the responsibility of Seller under Section 9.6(a) (including, but not limited to, any amount that is allocable to Seller pursuant to Section 9.6(c)); provided, however, that if Seller has disputed the Statement and if the Third Accounting Firm shall determine that the amount that is the responsibility of the Seller differs from the amount shown on the Statement as being the responsibility of Seller, Seller shall pay to the Purchaser, or Purchaser shall pay to Seller, the amount necessary to reflect the Third Accounting Firm's determination, together with interest on such amount from the due date for the payment of Taxes with respect to such Tax Return at the Settlement Rate. No payment pursuant to this Section 9.7(c) shall excuse Seller from its indemnification obligations pursuant to Section 9.6(a) if the amount of Taxes as ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns that are the responsibility of Seller exceeds the amount of Seller's payment under this Section 9.7(c).

9.8 Tax Contests.

(a) If a notice of deficiency, proposed adjustment, assessment, audit, examination or other administrative or court proceeding, suit, dispute or other claim (a "Tax Claim") shall be delivered, sent, commenced or initiated, in writing, to or against either the Purchaser Indemnified Parties or the Seller Indemnified Parties (a "Notified Party") by any taxing authority with respect to Taxes for which the other party may reasonably be expected to be liable pursuant to Section 9.6(a), the Notified Party shall reasonably and promptly notify the other party in writing of such Tax Claim; provided, however, that the failure of a party to give the other party notice as provided herein shall not relieve such failing party of its obligations under Section 9.6(a) except to the extent that the other party is actually and materially prejudiced thereby.

(b) Seller shall have the sole right and obligation to represent the Companies' interests in any Tax Claim relating exclusively to taxable periods ending on or before the Closing Date and to employ counsel of its choice at its expense; provided, however, that if the results of such Tax audit or proceeding involve an issue that recurs in taxable periods of Purchaser, either of the Companies or their respective Affiliates ending after the Closing Date or otherwise could adversely affect Purchaser, either of the Companies or their respective Affiliates for any taxable period including or ending after the Closing Date, then (A) Seller and Purchaser shall jointly control the defense and settlement of any such Tax audit or proceeding and each party shall cooperate with the other party at its own expense, and (B) there shall be no settlement or closing or other agreement with respect thereto without the consent of the other party, which consent shall not be unreasonably withheld. In the case of a Straddle Period, Purchaser shall have the right to represent the

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Companies' interests in any Tax Claim and to employ counsel of its choice at its own expense; provided, however, that Seller shall be entitled to participate at its expense in any Tax Claim relating to Taxes attributable to the portion of such Straddle Period which ends immediately after the close of business on the Closing Date.

9.9 Assistance and Cooperation. After the Closing Date, each of Seller and Purchaser shall use commercially reasonable efforts to (and shall cause their respective Affiliates and Representatives to):

(a) timely sign and deliver such certificates or forms as may be necessary or appropriate to establish an exemption from (or otherwise reduce), or file Tax Returns or other reports with respect to, Taxes described in Section 9.6(d) (relating to sales, transfer and similar Taxes);

(b) assist the other party in preparing any Tax Returns which such other party is responsible for preparing and filing in accordance with Section 9.7; and Seller shall deliver to Purchaser (including for purposes of this sentence, Purchaser's tax advisors), as soon as practicable after Purchaser's request, such information and data necessary in order to enable Purchaser to complete and file all Tax Returns it may be required to file with respect to the activities of Purchaser, and each of the Companies, from and after the Closing Date;

(c) cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding, any Tax Returns of each Company and consult with the other party and its counsel in connection with audits and proceedings described in Section 9.8 where it is representing the Companies;

(d) make available to one another and to any taxing authority, as reasonably requested in connection with any Tax Return described in Section 9.7 or any proceeding described in Section 9.8, all information relating to any Taxes or Tax Returns of the Companies; and

(e) furnish one another with copies of all correspondence received from any taxing authority in connection with any Tax audit or information request with respect to any proceedings described in Section 9.8.

9.10 Election Under Section 338(h)(10).

(a) At the Purchaser's request, the Seller and the Purchaser shall take all actions necessary and appropriate (including timely filing such forms, Tax Returns, elections, schedules and other documents as may be required), at each party's cost and expense, to effect and preserve a timely Section 338(h)(10) election in accordance with the requirements of Section 338 of the Code (and any corresponding elections under state, local or foreign Law) with respect to Purchaser's acquisition of the JHG Shares (collectively, the "Section 338(h)(10) Election"). The Seller, Purchaser, and Tax Parent shall report the sale of the JHG Shares pursuant to this Agreement consistently with the Section 338(h)(10) Election and shall take no position contrary thereto or inconsistent therewith in any Tax Return, any discussion with or proceeding before any taxing authority, or otherwise. At the Closing, the Seller shall deliver to the Purchaser five (5) copies of an Internal Revenue Form 8023 ("Election Under

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Section 338 for Corporations Making Qualified Stock Purchases"), completed as reasonably agreed by the parties and duly executed by the Tax Parent. Purchaser shall be responsible for the preparation and filing of all forms and documents required in connection with the Section 338(h)(10) Election and shall provide Seller with copies of (A) any necessary corrections, amendments or supplements to such Form 8023 as reasonably agreed to by the parties or as necessary to conform the allocation of the JHG Purchase Price (and any other items required to be treated as additional purchase price for the JHG Shares for Tax purposes) to the Allocation Statement (as defined in Section 9.10(b)), (B) all attachments required to be filed therewith pursuant to the applicable Treasury Regulations, and (C) any comparable forms and attachments with respect to any applicable state, local or foreign elections being made pursuant to the Section 338(h)(10) Election (the "Section 338 Forms"). At the request of Purchaser, Seller shall execute (or cause to be executed) and deliver to Purchaser, within ten (10) days after a request therefor by Purchaser, such documents or forms as are required by any Tax laws to complete properly the Section 338(h)(10) Election. Seller and Purchaser shall cooperate fully with each other and make available to each other such Tax data and other information as may be reasonably required by Seller and Purchaser in order to timely file the Section 338(h)(10) Election and any other required statements or schedules. Seller shall cause the Tax Parent to (A) promptly execute (or cause to be executed) and deliver to Purchaser any amendments subsequent to the filing of the Section 338(h)(10) Election to Form 8023 (and any comparable state, local and foreign forms) and attachments which are required to be filed under applicable Law and are reasonably requested by Purchaser, (B) comply (and cause its Affiliates to comply) with all of the requirements of Section 338(h)(10) of the Code and the Treasury Regulations thereunder, and (C) take no action (and cause its Affiliates to take no action) inconsistent with the requirements for filing the Section 338(h)(10) Election under the Code and the applicable Treasury Regulations.

(b) Within fifteen (15) days following the completion of the Final Closing Accounts, but in no event later than ninety (90) days prior to the due date for the filing of the Section 338 Forms, Purchaser shall provide to Seller a proposed statement (the "Allocation Statement") allocating the JHG Purchase Price (and any other items that are treated as additional purchase price for the JHG Shares for Tax purposes) among the different items of assets of JHG. Within fifteen (15) days after the receipt of such Allocation Statement, Seller shall propose to Purchaser any changes to such Allocation Statement or shall indicate its concurrence therewith, which concurrence shall not be unreasonably withheld. The failure by Seller to propose to Purchaser any changes to the Allocation Statement in writing within fifteen (15) days after the receipt thereof shall be deemed Seller's agreement and concurrence therewith. Purchaser and Seller shall allocate the JHG Purchase Price (and any such other items) in connection therewith in accordance with the Allocation Statement provided by Purchaser to Seller pursuant to this Section 9.10, and, subject to the requirements of any applicable Tax Law or election, all Tax Returns and reports filed by Purchaser, Seller, the Tax Parent and their respective Affiliates shall be prepared consistently with such allocation. Purchaser and Seller shall endeavor in good faith to resolve any differences with respect the Allocation Statement within fifteen (15) days after Purchaser's receipt of notice of objections or suggested changes from Seller. If any aspect of the Allocation Statement is in dispute as of the date which is sixty (60) days prior to the date any of the Section 338 Forms are required to be filed, Seller and Purchaser shall then engage the Third Accounting Firm in accordance with the provisions of Section 9.7 hereof. To the

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extent the Third Accounting Firm has not resolved such dispute within thirty (30) days prior to the date such 338 Forms are required to be filed, Purchaser and Seller shall file (or caused to be filed) such Section 338 Forms, and all applicable Tax Returns, in a manner consistent with the allocation provided in the allocation statement (together with any changes thereto mutually agreed to by Purchaser and Seller at such time). Thereafter, the Allocation Statement shall be revised in accordance with the determination of the Third Accounting Firm and Purchaser and Seller shall promptly execute (or cause to be executed) any amendments subsequent to the filing of the Section 338(h)(10) Election to the Section 338 Forms to reflect such determination that are permitted to be filed under applicable Law. Purchaser, Seller and their respective Affiliates shall not take a position before any Taxing authority or otherwise (including in any Tax Return) inconsistent with the Allocation Statement unless and to the extent required to do so pursuant to a determination (as defined in Section 1313(a) of the Code or any similar provision of state, local or foreign Law). The costs of preparing the Allocation Statement and any supporting materials (including any appraisals) shall be borne equally by Purchaser and Seller.

ARTICLE X

MISCELLANEOUS

10.1 Certain Definitions.

For purposes of this Agreement, the following terms shall have the meanings specified in this Section 10.1:

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person.

"Affiliated Group" means any affiliated group within the meaning of Section 1504 of the Code or any comparable or analogous group under state, local or foreign Law.

"Antitrust Acts" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"Balance Sheet" shall have the meaning ascribed to such term in Section 4.8.

"Balance Sheet Date" shall have the meaning ascribed to such term in Section 4.8.

"Basket" shall have the meaning ascribed to in such term in Section 9.2(b).

"BLM" shall mean the Bureau of Land Management.

"Business Day" means any day of the year on which national banking institutions in each of New York, London and Sydney are open to the public for conducting business and are not required or authorized to close.

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"Cap" shall have the meaning ascribed to such term in Section 9.2(b).

"CERCLA" shall mean Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S. C. Section 9601, et seq.

"Closing Date" shall have the meaning ascribed to such term in Section 3.1. hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Companies' Property" shall have the meaning ascribed to such term in Section 4.12(a).

"Confidentiality Agreement" means the Agreement dated March 9, 2001 between BPB plc and J.P. Morgan Securities Inc., as agent for James Hardie (USA) Inc.

"Contract" means any contract, agreement, indenture, note, bond, loan, instrument, lease, commitment or other arrangement or agreement whether written or oral.

"Draft Closing Accounts" shall have the meaning ascribed to such term in Section 2.3.

"Enterprise Value" shall mean US $345 million.

"Environmental Matters" means any and all Losses (including, without limitation, fees, disbursements and expenses of legal counsel, experts, engineers and consultants and the costs of investigation and feasibility studies and Remedial Action) arising from or under any Environmental Law or Order or Contract with any Governmental Body or other Person.

"Environmental Law" means any applicable federal, state, local, or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement relating to the environment, natural resources, or public or employee health and safety and includes, but is not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6901 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Clean Air Act, 33 U.S.C. Section 2601 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq., the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq., and the Occupational Safety and Health Act, 29 U.S.C. Section 651 et seq., as such laws have been amended or supplemented, and the regulations promulgated pursuant thereto, and all analogous state or local statutes.

"Excluded Assets and Liabilities" shall have the meaning ascribed to such term in Schedule 2.3.

"Final Closing Accounts" shall have the meaning ascribed to such term in Section 2.3.

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"Financial Statements" shall have the meaning ascribed to such term in Section 4.8.

"FIRPTA Affidavit" shall have the meaning ascribed to such term in Section 7.1(k).

"First Separate Basket" shall have the meaning ascribed to such term in Section 9.2(b).

"GAAP" means generally accepted United States accounting principles as of the date hereof.

"General Basket" shall have the meaning ascribed to such term in Section 9.2(b).

"General Cap" shall have the meaning ascribed to such term in Section 9.2(b).

"Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality authority or official thereof, or any court or arbitrator (public or private).

"Hazardous Substance" means any substance, material or waste that is regulated by any Governmental Body as hazardous, toxic, a pollutant, a contaminant, or words with similar meaning and effect including, but not limited to, petroleum, petroleum products, asbestos, urea formaldehyde and polychlorinated biphenyls.

"IRS" means the United States Internal Revenue Service.

"Knowledge" means, with respect a Person, the actual knowledge, after due inquiry, of any of its respective directors of officers (as distinguished from statutory constructive notice to such Person because an instrument is recorded in the public records).

"Laing" means WL Homes LLC, d/b/a John Laing Homes.

"Laing Agreement" means the Purchase and Sale Agreement With Escrow Instructions, dated as of June 28, 2001, including Exhibits A through F thereto but no other exhibits, between Laing and JHG, in each case as amended by the Laing Consent.

"Laing Consent" means the consent included in Schedule 6.15.

"Laing Specific Plan" means the plan included in Schedule 6.15(c)(i).

"Law" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement.

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"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, proceedings (public or private), claims or governmental proceedings.

"LIBOR" means six (6) month London Inter Bank Offered Rate for U.S. deposits as published daily in the Wall Street Journal's Money Rates.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation whatsoever.

"Losses" means any and all losses, liabilities, obligations, damages, fines, penalties, judgments, actions, claims, costs and disbursements, including reasonable attorneys', accountants' and other professionals' fees and disbursements, sustained, incurred or required to be paid. For the avoidance of doubt, the term "Losses" shall include Environmental Matters.

"Material Adverse Change" means any event or change that is, or is reasonably likely to be, materially adverse to the business, properties, results of operations or financial condition of the Companies taken as a whole.

"Material Adverse Effect" means any effect which has resulted in, or is reasonably likely to result in, a Material Adverse Change.

"Material Contracts" shall have the meaning ascribed to such terms in Section 4.15.

"Non-Working Capital Financial Liabilities" shall have the meaning set forth on Schedule 2.3.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award.

"Owned Properties" shall have the meaning ascribed to such term in Section 4.12.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates.

"Permitted Exceptions" means, except for any monetary Liens (which shall be cured by Seller), (i) statutory liens for current taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings, provided an appropriate reserve is established therefor; (ii) mechanics', carriers', workers', repairers' and similar Liens arising or incurred in the ordinary course of business that are not material to the business, operations and financial condition of the property so encumbered or the Company; (iii) zoning, entitlement and other land use and environmental regulations by any Governmental Body, provided that such regulations have not been violated to the extent that such violations amount to a material

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liquidated amount and would be reasonably expected to, individually or in the aggregate, materially interfere with the present use of any Companies' Property; and (iv) such other imperfections in title, charges, easements, restrictions and encumbrances arising in the ordinary course of business to the extent they are not a material liquidated amount and do not and would not be reasonably expected to, individually or in the aggregate, materially interfere with the present use of any Companies' Property subject thereto or affected thereby.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Personal Property Lease" shall have the meaning ascribed to such term in Section 4.13.

"Real Property Lease" shall have the meaning ascribed to such term in Section 4.12.

"Release" means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration on or into the indoor or outdoor environment or into or out of any property.

"Remedial Action" means all actions, including, without limitation, any capital expenditures, required or voluntarily undertaken to (i) clean up, remove, treat, or in any other way address any Hazardous Material or other substance; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) bring facilities on any property currently or previously owned, operated or leased by the Companies and the facilities located and operations conducted thereon into compliance with all Environmental Laws and Permits.

"Republic" means Republic Paperboard Company, Republic Paperboard Company, LLC, Republic Group Incorporated or Republic Group LLC.

"Republic Agreement" means the Paperboard Supply Agreement effective May 14, 1998, by and among Republic and JHG, as amended by First Amendment made as of June 28, 2001.

"ROFR" means the Right of First Refusal Agreement, dated as of June 29, 2001, between Laing and JHG.

"Second Separate Basket" shall have the meaning ascribed to such term in Section 9.2(c).

"Straddle Period" means any taxable year or period beginning before and ending after the Closing Date.

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"Subject Portion" shall have the meaning ascribed to such term in Section 4.12(o).

"Subsidiary" means any Person of which a majority of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by one or both of the Companies.

"Successor" means, strictly for purposes of the Guarantees, (i) the surviving, acquiring or ultimate parent entity in the event (x) there shall be a merger, consolidation, other business combination transaction or reorganization (a "Transaction") involving a Person as a result of which the holders of the voting equity securities of the Person immediately prior to such Transaction hold less than a majority of the voting equity securities of such surviving, acquiring or ultimate parent entity immediately following such Transaction or (y) there shall be a sale of at least a majority of the assets of the Person, or (ii) any other successor within the meaning of applicable Law.

"Tax" or "Taxes" shall mean taxes and governmental impositions of any kind in the nature of (or similar to) taxes, payable to any federal, state, local or foreign taxing authority, including but not limited to those on or measured by or referred to as income, franchise, profits, gross receipts, capital, ad valorem, custom duties, alternative or add-on minimum taxes, estimated, environmental, disability, registration, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, employment, social security, workers' compensation, unemployment compensation, utility, severance, production, excise, stamp, occupation, premiums, windfall profits, transfer and gains taxes, and interest, penalties and additions to tax imposed with respect thereto; and "Tax Returns" shall mean returns, reports and information statements, including any schedule or attachment thereto, with respect to Taxes required to be filed with the IRS or any other governmental or taxing authority or agency, domestic or foreign, including consolidated, combined and unitary tax returns.

"Tax Parent" shall mean the common parent corporation of the "selling consolidated group" which includes JHG within the meaning of Treasury Regulation Section 1.338(h)(10)-1(b)(2).

"Tax Sharing Agreement" means any Tax allocation, indemnity, sharing or similar contract or arrangement (whether or not written).

"Third Accounting Firm" shall mean KPMG LLP or, if such firm shall decline to act in such capacity, such other firm of independent public accountants selected by the Purchaser and the Seller.

"Transfer Tax" means any and all sales, use, stamp, documentary, filing, recording, transfer, real estate transfer, stock transfer, gross receipts, registration, duty, securities transactions or similar fees or Taxes or governmental charges (together with any interest or penalty addition to Tax or additional amount imposed)as levied by any taxing authority in connection with the transactions contemplated by this Agreement.

"WARN" means the Worker Adjustment and Retraining Act of 1988.

<PAGE>

"Working Capital" shall have the meaning set forth on Schedule 2.3.

10.2 Expenses. Except as otherwise provided in this Agreement (including the schedules and exhibits hereto), the Seller and the Purchaser shall each bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby, it being understood that in no event shall the Companies bear any of such costs and expenses.

10.3 Specific Performance. Each of the Seller and the Purchaser acknowledges and agrees that the breach of this Agreement would cause irreparable damage to the non-breaching party and that the non-breaching party will not have an adequate remedy at law. Therefore, the obligations of the breaching party under this Agreement, including, without limitation, the Seller's obligation to sell the Shares to the Purchaser for the Purchase Price, and the Purchaser's obligation to purchase the Shares from the Seller for the Purchase Price, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any party may have under this Agreement or otherwise.

10.4 Further Assurances. The Seller and the Purchaser each agrees to execute and deliver such other documents or agreements and to take such other action as may be reasonably necessary or desirable for the implementation of this Agreement and the consummation of the transactions contemplated hereby.

10.5 Submission to Jurisdiction; Consent to Service of Process.

(a) The parties hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of New York over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(b) Each of the parties hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 10.9.

10.6 Entire Agreement; Amendments and Waivers. This Agreement and the Exhibits and Schedules hereto supercede and replace the Initial Agreement and the Exhibits and Schedules thereto in their entirety, as well as any and all prior or contemporaneous agreements, understandings, communications, discussions or negotiations, written or oral. This Agreement (including the schedules and exhibits hereto), together with

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the Guarantees, the Confidentiality Agreement and, when executed and delivered by the parties, the Mining Agreement, the Plant Lease and the Transitional Services Agreement, represents the entire understanding and agreement between the parties with respect to the subject matter hereof and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by Law.

10.7 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York.

10.8 Table of Contents and Headings. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

10.9 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given when delivered personally or mailed by certified mail, return receipt requested, to a party (and shall also be transmitted by facsimile to the Persons receiving copies thereof) at the following addresses (or to such other address as a party may have specified by notice given to the other party pursuant to this provision):

If to Seller, to:

James Hardie, Inc.
26300 La Alameda, Suite 100
Mission Viejo, CA 92691
Attention: Peter Shafron, Esq.

With a copy (which shall not constitute notice) to:

Seltzer Caplan McMahon Vitek
2100 Symphony Towers
750 B Street
San Diego, CA 92101
Attention: Howard J. Barnhorst II, Esq.

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If to Purchaser, to:

BPB U.S. Holdings Inc.
c/o BPB America Inc.
5301 West Cypress Street
Suite 300
Tampa, FL 33607-1766
Attention: Corporate Secretary ,

With a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Ellen J. Odoner, Esq.

10.10 Severability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in effect.

10.11 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either the Seller or the Purchaser (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consent shall be void; provided, however, that the Purchaser may assign this Agreement and any or all rights or obligations hereunder (including, without limitation, the Purchaser's rights to purchase the Shares and the Purchaser's rights to seek indemnification hereunder) to any Affiliate of the Purchaser, and the Seller may assign this Agreement and any or all rights or obligations hereunder (including, without limitation, the Seller's rights to seek indemnification hereunder) to any Affiliate of the Seller, provided, however, that such assignment shall not relieve Purchaser's Parent or Seller's Parent, as the case may be, from any of its obligations under its respective Guarantee. Upon any such permitted assignment, the references in this Agreement to the Purchaser shall also apply to any such assignee unless the context otherwise requires.

10.12 Disclosure Generally. If and to the extent any information required to be furnished in any Schedule is contained in this Agreement or in any Schedule hereto, such information shall be deemed to be included in all Schedules in which the information is required to be included. The inclusion of any information in any Schedule attached shall not be deemed to be an admission or acknowledgment by Seller, in and of itself, that such information is material to or outside the ordinary course of the business of the Company or its Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

BPB U.S. HOLDINGS, INC.

By: /s/ Martin Smith

Name: MARTIN SMITH
Title: ATTORNEY-IN-FACT

JAMES HARDIE INC.

By: /s/ Phillip Morley

Name: PHILLIP MORLEY
Title: CFO

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EXHIBIT 8.1

LIST OF SIGNIFICANT SUBSIDIARIES

The table below sets forth our significant subsidiaries, all of which are 100% owned by James Hardie Industries N.V., either directly or indirectly.

<TABLE>
<CAPTION>

NAME OF COMPANY	JURISDICTION OF ESTABLISHMENT
<S>	<C>
James Hardie Aust Holdings Pty Ltd.	Australia
James Hardie Aust Investco Pty Ltd.	Australia
James Hardie Aust Investments No. 1 Pty Ltd.	Australia
James Hardie Austgroup Pty Ltd.	Australia
James Hardie Australia Management Pty Ltd.	Australia
James Hardie Australia Pty Ltd.	Australia
James Hardie Building Products Inc.	United States
James Hardie Europe B.V.	France and United Kingdom
James Hardie Fibre Cement Pty Ltd.	Australia
James Hardie International Finance B.V.	Netherlands
James Hardie International Holdings B.V.	Netherlands
James Hardie N.V.	Netherlands
James Hardie New Zealand Ltd.	New Zealand
James Hardie NZ Holdings Trust	New Zealand
James Hardie Philippines Inc.	Philippines
James Hardie Research (Holdings) Pty Ltd.	Australia
James Hardie U.S. Investments Sierra Inc.	United States
N.V. Technology Holdings A Limited Partnership	Australia
RCI Pty Ltd.	Australia

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Exhibit 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Louis Gries, certify that:

1. I have reviewed this annual report on Form 20-F of James Hardie Industries N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/Louis Gries
Louis Gries
Chief Executive Officer

Date: July 1, 2005

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Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Russell Chenu, certify that:

1. I have reviewed this annual report on Form 20-F of James Hardie Industries N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Russell Chenu
Russell Chenu
Chief Financial Officer

Date: July 1, 2005

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EXHIBIT 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his capacity as an officer of James Hardie Industries N.V. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- the Annual Report of the Company on Form 20-F for the fiscal year ended March 31, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: July 1, 2005

/s/ Louis Gries
Louis Gries
Chief Executive Officer

/s/ Russell Chenu
Russell Chenu
Chief Financial Officer

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Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-14036) of James Hardie Industries N.V. and Subsidiaries of our report dated May 13, 2005 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Los Angeles, California
July 7, 2005

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Exhibit 15.2

Consent of KPMG Actuaries Pty Ltd ("KPMG Actuaries") in relation to Form 20-F filing

We hereby consent to your references to KPMG Actuaries Pty Ltd ("KPMG Actuaries") and to our actuarial valuation report effective as of March 31, 2005, dated May 14, 2004 (the "Report"), and to make use of, or quote, information and analyses contained within that Report for the purpose of James Hardie Industries N.V.'s ("JHI NV") Annual Report on Form 20-F for fiscal year ended March 31, 2005.

In addition, we hereby consent to your references to past actuarial valuations performed by KPMG Actuaries for the purpose of JHI NV's Annual Report on Form 20-F for fiscal year ended March 31, 2005.

Your attention is drawn to the Important Note at the beginning of the Executive Summary and Section 1 of the Report.

/s/ Richard Wilkinson

Richard Wilkinson BSc FIA FIAA

Director

KPMG Actuaries Pty Ltd

Fellow of the Institute of Actuaries (London)

Fellow of the Institute of Actuaries of Australia

Sydney, Australia

June 30, 2005

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EXHIBIT 99.1

Excerpts of the ASX Settlement and Transfer Corporation Pty Ltd as of May 2005

See www.asx.com.au/supervision/rules/astc/index for up-to-date rules.

1.2 APPLICATION AND EFFECT OF THESE RULES

1.2.1 OPERATING RULES OF ASTC

These Rules are the operating rules of the Settlement Facility for the purposes of the Corporations Act. These Rules should be read in conjunction with:

(a) the Procedures; and

(b) the Corporations Act.

To the extent of any inconsistency between these Rules and the Procedures, these Rules will prevail.

Introduced 11/03/04

1.2.2 BINDING EFFECT OF RULES

These Rules are binding on Issuers, Participants and ASTC in the manner set out in:

(a) section 822B of the Corporations Act; and

(b) Rules 1.2.3 and 1.2.4.

Introduced 11/03/04 Origin SCH 1.5.1

1.2.3 COVENANTS TO OBSERVE RULES

These Rules (other than a Warranty and Indemnity Provision) have the effect of a contract under seal between ASTC and all Facility Users under which:

(a) each Facility User covenants with ASTC and each other Facility User to observe the Rules and to perform the obligations which the Rules purport to impose on the Facility User, in the manner provided by the Rules; and

(b) subject to Rules 3.6.11 to 3.6.18 inclusive, ASTC covenants with each Facility User to observe the Rules and to perform the obligations which the Rules purport to impose on ASTC, in the manner provided by the Rules.

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These Rules have the effect of a contract under seal between all RTGS Payments Providers for the time being admitted to participate in that capacity, ASTC and all Facility Users.

Introduced 11/03/04 Origin SCH 1.5.2, 1.5.7

1.2.4 EFFECT OF WARRANTY AND INDEMNITY PROVISIONS

The Issuer Warranties and Indemnities have the effect of a contract under seal between the Issuer, ASTC and every Participant.

The Participant Warranties and Indemnities have the effect of a contract under seal between the Participant, ASTC, every Issuer and every other Participant.

The ASTC Indemnity has the effect of a contract under seal between ASTC and each Issuer.

Introduced 11/03/04 Origin SCH 1.5.4, 1.5.5, 1.5.6

1.3 STATE OF EMERGENCY RULES

1.3.1 ACTION IF A STATE OF EMERGENCY EXISTS

If ASTC determines that a State of Emergency exists ASTC may take or authorise any action it considers necessary for the purpose of dealing with the State of Emergency, including:

(a) making State of Emergency Rules (that may be inconsistent with these Rules) for the protection of the interests of ASTC and Facility Users;

(b) suspending provision of any ASTC facilities and services to one or more persons;

(c) taking, or refraining from taking, or directing a Participant to take or refrain from taking, any action which ASTC considers is appropriate;

(d) taking any action in the name of and at the expense of a Participant; or

(e) other action that is inconsistent with these Rules (other than Rule 1.3).

In the event of conflict between the State of Emergency Rules and these Rules, the State of Emergency Rules will prevail.

Introduced 11/03/04 Origin SCH 1.6.1, 1.6.3

1.3.2 EFFECT OF A STATE OF EMERGENCY

No person bound by the Rules is liable for failure to comply with a Rule (other than a Warranty an Indemnity Provision or a State of Emergency Rule) if, and to the extent to which, compliance has been delayed interfered with, curtailed or prevented by a State of Emergency

Introduced 11/03/04 Origin SCH 1.5.3

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1.3.3 PERIOD FOR STATE OF EMERGENCY RULES

ASTC may specify the period during which any State of Emergency Rules remain in force, but the period must not exceed 30 Business Days. If ASTC does not specify a period during which any State of Emergency Rules remain in force, the State of Emergency Rules remain in force for 30 Business Days.

Introduced 11/03/04 Origin SCH 1.6.2

1.3.4 NOTICE TO ISSUERS AND PARTICIPANTS

ASTC must promptly notify Issuers and Participants of the making of any State of Emergency Rules.

Introduced 11/03/04 Origin SCH 1.6.4

1.3.5 FACILITY USER MUST INFORM ASTC OF POTENTIAL STATE OF EMERGENCY

A Facility User that becomes aware of any event or condition that may lead to a State of Emergency must immediately inform ASTC.

Introduced 11/03/04 Origin SCH 1.6.5

1.3.6 NO LIABILITY OF ASTC

Without limiting any other liability provisions in these Rules none of ASTC, its officers, employees, agents or contractors are liable to a Facility User or any other person for:

(a) any failure or delay in performance in whole or in part of the obligations of ASTC under the Rules or any contract, if that failure or delay is caused directly or indirectly by a State of Emergency which entitles ASTC to act under this Rule 1.3; or

(b) any loss, liability, damage. cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASTC by this Rule 1.3.

Introduced 11/03/04

1.4 SETTLEMENT PROCEDURES

1.4.1 ASTC MAY APPROVE PROCEDURES

ASTC may from time to time approve written Procedures relating to the operations of ASTC and the Settlement Facility. the conduct of Facility Users and the structure and operation of electronic communications between ASTC and Facility Users.

Introduced 11/03/04 Origin SCH 1.8.1

1.4.2 PROCEDURES ARE NOT PART OF THE RULES

The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures. failure by the person to comply with that part of the Procedures is a contravention of the Rule.

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SECTION 13. DEPOSITARY INTERESTS IN CHESS

This Section 13 sets out the Rules governing CHESS Depositary Interests and Foreign Depositary Interests and modifies the operation of the Rules in a number of respects.

CHESS Depositary Interests are units of beneficial ownership in a Principal Financial Product, registered in the name of a Depositary Nominee. They include CUFS and DIs. Foreign Depositary Interests comprise a beneficial interest in a Participating International Financial Product held by a Depositary Nominee.

13.1 APPLICATION OF CDI RULES

13.1.1 EFFECT OF RULES 13.1 TO 13.13

Rules 13.1 to 13.13 only apply to, and have effect in relation to, a class of Financial Products of a Principal Issuer that is Approved.

The Rules, to the extent that they are not inconsistent with Rules 13.1 to 13.13, have full force and effect in relation to a class of Principal Financial Products that is Approved other than as specifically modified by the provisions of these Rules 13.1 to 13.13.

Introduced 11/03/04 Origin SCH 3A.1.1, 3A.1.2

13.2 PREREQUISITES FOR SETTLEMENT OF INSTRUCTIONS IN PRINCIPAL FINANCIAL PRODUCTS

13.2.1 PREREQUISITES FOR ASTC APPROVAL OF PRINCIPAL FINANCIAL PRODUCTS

If:

(a) a class of Financial Products of a Principal Issuer is Approved under Rule 8.3.1 (a); and

(b) ASTC determines that it is satisfied that the Principal Issuer is capable of complying with Rules 13.1 to 13.13,

the Principal Issuer must:

(c) appoint a Depositary Nominee for the purpose of complying with these Rules;

(d) give Notice to ASTC of:

(i) the identity of the Depositary Nominee appointed by the Principal Issuer; and

(ii) the Transmutation Ratio for the Principal Financial Products; and

(e) make arrangements satisfactory to ASTC in order that the Principal Issuer complies with the requirements of Rules 13.4.3 and 13.5.

Introduced 11/03/04 Origin SCH 3A.2.1

13.2.2 DISTRIBUTION OF PRINCIPAL FINANCIAL PRODUCTS AS APPROVED FINANCIAL PRODUCTS

If:

(a) a Principal Issuer issues a new class of Principal Financial Products and that class of Principal Financial Products is Approved in accordance with Rule 8.3.1 (a); and

(b) the Approved Market Operator gives the Foreign Issuer approval for quotation of those Principal Financial Products,

the Principal Issuer must make arrangements satisfactory to ASTC to issue CDIs or make them available in respect of that class of Principal Financial Products to each person who has:

(c) an entitlement to those Principal Financial Products; and

(d) where applicable, not elected to take a document of Title to those Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.2.2

13.2.3 VESTING ARRANGEMENTS FOR NEW ISSUE OF PRINCIPAL FINANCIAL PRODUCTS

If Rule 13.2.2 applies, the Principal Issuer must, not later than End of Day on the Despatch Date for the new Principal Financial Products:

(a) cause the Title to any Principal Financial Products that are to be held in the form of CDIs to be vested in the Depositary Nominee nominated by the Principal Issuer under Rule 13.2.1, in a manner recognised by Australian law and all applicable foreign laws;

(b) immediately give Notice to ASTC that Title to the Principal Financial Products has vested in the Depositary Nominee; and

(c) record:

(i) the CDIs corresponding to the Principal Financial Products on the CHESS Subregister or the Issuer Sponsored Subregister, as the case requires; and

(ii) the information required to be recorded under these Rules in such manner as to identify each Holder of the CDIs, whether on the CHESS Subregister or the Issuer Sponsored Subregister.

Introduced 11/03/04 Origin SCH 3A.2.3

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13.3 TRANSMUTATION AND ALTERATIONS OF PRINCIPAL FINANCIAL PRODUCTS

13.3.1 TRANSMUTATION OF PRINCIPAL FINANCIAL PRODUCTS TO CDIs AT ELECTION OF HOLDER

If a Holder of Financial Products that forms part of a class of Principal Financial Products that:

(a) is Approved under Rule 8.3.1(a); and

(b) has been approved for quotation by the Approved Market Operator,

gives Notice to the Principal Issuer, at any time after the date of quotation of the Principal Financial Products, requesting the Transmutation of a quantity of those Principal Financial Products to CDIs, the Principal Issuer must, provided the Notice is accompanied by any corresponding documents of Title:

(c) as soon as possible, cause Title to the quantity OF Principal Financial Products specified in the Notice to be vested in the Depositary Nominee for those Principal Financial Products;

(d) record:

(i) the CDIs corresponding to the Principal Financial Products on the CDI Register; and

(ii) the information required to be recorded under these Rules in such manner as to identify each Holder of the CDIs, on the CDI Register; and

(e) give Notice to the Holder that the Transmutation has been effected.

Introduced 11/03/04 Origin SCH 3A.3.1

13.3.2 TRANSMUTATION OF PRINCIPAL FINANCIAL PRODUCTS TO CDIs FOR SETTLEMENT PURPOSES

Each Participant that is obliged to deliver a quantity of Principal Financial Products to another Participant must, unless otherwise agreed with that Participant, do so by initiating a Message to Transfer the corresponding quantity of CDIs in respect of those Principal Financial Products.

A Participant must not deliver a paper-based transfer of Principal Financial Products to another Participant unless otherwise agreed with that other Participant.

Introduced 11/03/04 Origin SCH 3A.3.2, 3A.3.3

13.3.3 PARTICIPANT MAY INITIATE A TRANSMUTATION ON BEHALF OF A PERSON

A Participant that is authorised by a person to do so, may Transmute Principal Financial Products to CDIs or CDIs to Principal Financial Products on behalf of the person in any circumstance where Transmutation by that person is permitted under these Rules.

Introduced 11/03/04 Origin SCH 3A.3.4

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13.4 CONSEQUENCES OF VESTING TITLE IN DEPOSITARY NOMINEE

13.4.1 ECONOMIC BENEFITS AND ENTITLEMENTS IN RELATION TO PRINCIPAL FINANCIAL PRODUCTS

If Title to Principal Financial Products is vested in a Depositary Nominee under these Rules, all right, title and interest in those Principal Financial Products is held by the Depositary Nominee subject to the right of any person identified, in accordance with these Rules, as a Holder of CDIs in respect of those Principal Financial Products to receive all direct economic benefits and any other entitlements in relation to those Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.4.1

13.4.2 IDENTIFICATION OF CDI HOLDERS

For the purposes of Rule 13.4.1, a person is (subject to any subsequent disposition) entitled to all direct economic benefits and any other entitlements in relation to Principal Financial Products vested in a Depositary Nominee under these Rules if:

(a) in accordance with Rule 13.2.3, the Principal Issuer has recorded the person in the CDI Register as the holder of CDIs for those Principal Financial Products; or

(b) under Rule 13.3.1, the person is the former Holder of the Principal Financial Products to which the CDIs relate, or that person's nominee.

Introduced 11/03/04 Origin SCH 3A.4.2

13.4.3 IMMOBILISATION OF PRINCIPAL FINANCIAL PRODUCTS

A Depositary Nominee that holds Principal Financial Products under these Rules must:

(a)

(i) where a Certificate is issued as evidence of Title to those Financial Products, make arrangements satisfactory to ASTC for any Certificate representing its holding of Principal Financial Products to be held by the Principal Issuer for safekeeping; or

(ii) where the Financial Products are held on account in an Approved Clearing House, ensure that a Segregated Account is maintained in respect of those Financial Products, which must constitute the Principal Register for the purposes of these Rules;

(b) not dispose of any of those Principal Financial Products unless authorised by these Rules; and

(c) not create any interest (including a security interest) which is inconsistent with the Title of the Depositary Nominee to the Principal Financial Products and the interests of the Holders of CDIs in respect of the Principal Financial Products unless authorised by these Rules.

Introduced 11/03/04 Origin SCH 3A.4.3

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13.5 REGISTERS AND PROCESSING OF TRANSFERS AND TRANSMUTATIONS

13.5.1 ISSUER TO ESTABLISH AND MAINTAIN PRINCIPAL REGISTER AND CDI REGISTER

If a class of Principal Financial Products is Approved under Rule 8.3.1 (a), the Issuer of that class of Principal Financial Products must establish and maintain:

(a) a Principal Register in Australia which contains all of the information that would otherwise be required to be kept by the Issuer if it maintained an Australian branch register for those Financial Products; and

(b) a CDI Register in Australia that contains all of the information that would otherwise be required to be kept under the Corporations Act as if the Issuer were an Australian listed public company and the CDIs were Financial Products of that company.

Introduced 11/03/04 Origin SCH 3A.5.1, 3A.5.2

13.5.2 RECONCILIATION OF REGISTERS

The Issuer must ensure, at all times that:

(a) the total number of Financial Products on the CDI Register reconciles to the total number of Financial Products registered in the name of the Depositary Nominee on the Principal Register; and

(b) where applicable, it has one or more Certificates registered in the name of the Depositary Nominee in its possession which represent the same number of Financial Products as are registered in the name of the Depositary Nominee on the Principal Register.

Introduced 11/03/04 Origin SCH 3A.5.3

13.5.3 RIGHT OF INSPECTION OF PRINCIPAL REGISTER AND CDI REGISTER

If:

(a) a Principal Register; or

(b) a CDI Register,

is required to be established and maintained by a Principal Issuer under Rule 13.5.1, the Principal Issuer must make that Principal Register or that CDI Register, as the case requires, available for inspection to the same extent and in the same manner as if that register were a register of Financial Products of an Australian listed public company.

This Rule 13.5.3 does not apply in respect of a class of Principal Financial Products issued by a Dl Issuer to the extent that the Principal Register need not be available for inspection where that Principal Register is located in a foreign jurisdiction.

Introduced 11/03/04 Origin SCH 3A.5.4A

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13.5.4 ISSUER SPONSORED SUBREGISTERS AND CHESS SUBREGISTERS FOR CDIs

If a class of Principal Financial Products:

(a) has been issued or made available by a Principal Issuer; and

(b) is Approved under Rule 8.3.1 (a),

the Principal Issuer must establish and maintain:

(c) an Issuer Sponsored Subregister; and

(d) a CHESS Subregister

of CDIs in respect of the Principal Financial Products as if the CDIs were Approved Financial Products of an Australian Issuer, issued wholly in uncertificated form.

Introduced 11/03/04 Origin SCH 3A.5.5

13.5.5 THIRD PARTY PROVIDER AS AGENT

Rule 5.1 does not apply in relation to Issuers that are Principal Issuers under Rule 8.3.1 (a) of these Rules.

Introduced 11/03/04 Origin SCH 3A.5.6

13.5.6 AGENTS OF PRINCIPAL ISSUER

If a Principal Issuer employs or retains a Third Party Provider to establish and maintain a Principal Register or a CDI Register in respect of a class of its Principal Financial Products, then for the purposes of, but subject to these Rules, the Third Party Provider is taken to perform those services as the agent of the Principal Issuer.

Introduced 11/03/04 Origin SCH 3A.5.7

13.5.7 DEPOSITARY NOMINEE OBLIGED TO ENSURE INFORMATION IS PROVIDED TO PRINCIPAL ISSUER

Notwithstanding Rule 13.5.2, if a Depositary Nominee employs or retains a Third Party Provider to administer the Principal Register, which is not the same Third Party Provider as that retained by the Principal Issuer to establish and maintain a CDI Register under Rule 13.5.6, then the Depositary Nominee must ensure that its Third Party Provider provides such information to the Principal Issuer at such times as the Principal Issuer requires for performance of its obligations under Rules 13.1 to 13.13.

Introduced 11/03/04 Origin SCH 3A.5.8

13.5.8 POWER OF ATTORNEY

The Depositary Nominee appoints the Principal Issuer to be the Depositary Nominee's attorney and in the name of the Depositary Nominee (or in the name of the Principal Issuer or its delegate) and on the Depositary Nominee's behalf:

(a) to execute any transfer for the purposes of Rule 13.3; and

(b) to do all things necessary or desirable to give full effect to the rights and obligations of the Depositary Nominee in Rules 13.1 to 13.13;

and the Depositary Nominee undertakes to ratify and confirm anything done under this power of attorney by the Principal Issuer.

Introduced 11/03/04 Origin SCH 3A.5.9

13.5.9 DELEGATION BY PRINCIPAL ISSUER UNDER POWER OF ATTORNEY

The Principal Issuer may in writing:

(a) delegate its powers to any person for any period;

(b) at its discretion, revoke any such delegation; and

(c) exercise or concur in exercising any power despite the Principal Issuer or a delegate of the Principal Issuer having a direct or personal interest in the mode or result of the exercise of that power.

Introduced 11/03/04 Origin SCH 3A.5.9A

13.5.10 INDEMNITY

If a Principal Issuer or its Third Party Provider executes a transfer of Principal Financial Products on behalf of a Depositary Nominee as transferor or transferee, other than a Transfer which is supported by a Message initiated by a Participant under these Rules, the Principal Issuer warrants to ASTC that it indemnifies:

(a) the Depositary Nominee;

(b) ASTC;

(c) the transferor or the beneficial owner of the Principal Financial Products, as the case requires; and

(d) each Participant,

against all losses, damages, costs and expenses that they or any of them may suffer or incur as a result of the transfer not being authorised by the transferor or by the beneficial owner of the Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.5.10

13.5.11 ASTC HOLDS BENEFIT OF WARRANTIES FOR DEPOSITARY NOMINEE

ASTC holds the benefit of any warranties and indemnities given to it by the Principal Issuer under Rules 13.1 to 13.13 in trust for the benefit of the Depositary Nominee.

Introduced 11/03/04 Origin SCH 3A.5.10A

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13.5.12 PRINCIPAL ISSUER AND DEPOSITARY NOMINEE NOT TO INTERFERE IN TRANSFER AND TRANSMUTATION

Unless otherwise permitted under these Rules or the Listing Rules, a Principal Issuer, its Third Party Provider or a Depositary Nominee must not refuse or fail to register, or give effect to, or otherwise interfere with the processing and registration of:

(a) a paper-based transfer of Principal Financial Products;

(b) a Transfer of CDIs;

(c) a Transmutation of Principal Financial Products to CDIs;

(d) a Transmutation of CDIs to Principal Financial Products;

(e) a shunt from a DI Register to a Principal Register; or

(f) a shunt from a Principal Register to a DI Register.

Introduced 11/03/04 Origin SCH 3A.5.11, 3A.5.12

13.5.13 NO NOTICE OF UNREGISTERED INTERESTS

For the purposes of all relevant Australian and foreign laws, neither ASTC nor any Depositary Nominee is affected by actual, implied or constructive notice of any interest in CDIs other than the Holdings on the CDI Register.

A Depositary Nominee may deal with the registered Holder of CDIs as if, for all purposes, the Holder of CDIs is the absolute beneficial owner of the Principal Financial Products to which the CDIs relate, without any liability whatsoever to any other person who asserts an interest in the CDIs or in the Principal Financial Products to which the CDIs relate.

Introduced 11/03/04 Origin SCH 3A.5.13, 3A.5.14

13.6 CORPORATE ACTIONS

13.6.1 APPLICATION OF RULES

The purpose of the following Rules is to ensure that the benefit of all Corporate Actions of a Principal Issuer will enure to the benefit of the relevant Holders of CDIs as if they were Holders of the corresponding Principal Financial Products, where Approved Principal Financial Products are held by a Depositary Nominee under these Rules.

Introduced 11/03/04 Origin SCH 3A.6.1

13.6.2 DISTRIBUTION OF DIVIDENDS TO HOLDERS OF CDIs

If a class of Principal Financial Products:

(a) is Approved under Rule 8.3.1 (a);

(b) has been issued or made available by a Principal Issuer; and

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(c) Title to those Principal Financial Products is vested in a Depositary Nominee,

the Principal Issuer must distribute any dividend declared in respect of the Principal Financial Products to Holders of CDIs based on relevant Cum Entitlement Balances as at End of Day on the Record Date for the dividend in proportions as determined by the Transmutation Ratio.

Introduced 11/03/04 Origin SCH 3A.6.2

13.6.3 DIRECTION AND ACKNOWLEDGMENT BY DEPOSITARY NOMINEE

For the purposes of:

(a) the Principal Issuer's constitution; and

(b) all laws governing the entitlement to dividends of a Depositary Nominee of the Principal Issuer,

the Depositary Nominee is taken to have directed the Principal Issuer to distribute any dividend, that would otherwise be payable to it under the Principal Issuer's constitution, in accordance with these Rules.

Introduced 11/03/04 Origin SCH 3A.6.3

13.6.4 DISCHARGE OF PRINCIPAL ISSUER'S OBLIGATION TO PAY DIVIDEND TO DEPOSITARY NOMINEE

A Depositary Nominee for a Principal Issuer acknowledges that distribution of a dividend in accordance with these Rules discharges the Principal Issuer's obligation to pay the dividend to the Depositary Nominee.

Introduced 11/03/04 Origin SCH 3A.6.4

13.6.5 PAYMENT BY DEPOSITARY INTEREST ISSUER

Rules 13.6.2, 13.6.3 and 13.6.4 apply in respect of a DI as if a reference to "dividend"is a reference to any distribution or payment, whether principal, premium or interest, as defined in the offering memorandum in respect of the Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.6.4A

13.6.6 PAYMENT OBLIGATIONS

Where a DI Issuer makes a payment pursuant to Rule 13.6.2, that payment must be made to all Holders of DIs within 5 Business Days of distribution of the relevant payment to the Approved Clearing House.

Introduced 11/03/04 Origin SCH 3A.6.4B

13.6.7 BONUS ISSUES, RIGHTS ISSUES AND RECONSTRUCTIONS

If a class of Principal Financial Products:

(a) is Approved under Rule 8.3.1(a);

(b) has been issued or made available by a Principal Issuer; and

(c) Title to those Principal Financial Products is vested in a Depositary Nominee,

the Principal Issuer must administer all Corporate Actions (including bonus issues, rights issues, mergers and reconstructions) that result in the issue of additional or replacement Financial Products in respect of the Principal Financial Products so that:

(d) if the benefits conferred in a Corporate Action are additional or replacement Principal Financial Products, those Principal Financial Products are vested in the Depositary Nominee as Holder of the Principal Financial Products and the benefits are distributed to Holders of CDIs in the form of CDIs corresponding to those Principal Financial Products;

(e) additional or replacement CDIs are issued to Holders of CDIs based on relevant Cum Entitlement Balances as at End of Day on the Record Date for the Corporate Action on the same terms as would otherwise have applied if the Holders of CDIs were Holders of the Principal Financial Products; and

(f) the benefit of Corporate Actions is conferred on Holders of CDIs in proportions determined by the Transmutation Ratio.

Introduced 11/03/04 Origin SCH 3A.6.5

13.6.8 DIVIDEND REINVESTMENT AND BONUS SHARE PLANS

If a class of Principal Financial Products:

(a) is Approved under Rule 8.3.1 (a); and

(b) has been issued or made available by a Principal Issuer; and

(c) Title to those Principal Financial Products is vested in a Depositary Nominee,

the Principal Issuer must, in relation to any dividend investment scheme or bonus share plan in respect of those Principal Financial Products:

(d) make available to Holders of CDIs, based on relevant Cum Entitlement Balances as at End of Day on the Record Date for determining entitlements, all benefits and entitlements arising under the dividend reinvestment scheme or bonus share plan, as the case requires;

(e) distribute all benefits and entitlements arising under the dividend reinvestment scheme or bonus share plan, as the case requires, to Holders of CDIs in proportions determined by the Transmutation Ratio;

(f) ensure that any right under such a plan to elect to receive financial products rather than cash is exercised by Holders of CDIs rather than the Depositary Nominee; and

(g) if a Holder of CDIs elects to receive financial products, issue Principal Financial Products to the Depositary Nominee and distribute corresponding CDIs to the Holder of CDIs.

Introduced 11/03/04 Origin SCH 3A.6.6

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13.6.9 EXERCISE OF HOLDER RIGHTS

If a class of Principal Financial Products:

(a) is Approved under Rule 8.3.1(a); and

(b) has been issued or made available by a Principal Issuer; and

(c) Title to those Principal Financial Products is vested in a Depositary Nominee,

the Depositary Nominee must exercise any rights vested in it as the Holder of the Principal Financial Products under any law (including any right to institute legal proceedings as a holder of Financial Products), in accordance with:

(d) any direction given by a Holder of CDIs; or

(e) any direction of Holders of CDIs given by ordinary resolution at a meeting of Holders of CDIs.

Introduced 11/03/04 Origin SCH 3A.6.7

13.6.10 FRACTIONAL ENTITLEMENTS

If a Corporate Action gives Holders of Approved Principal Financial Products a fractional entitlement to additional or replacement financial products, the Principal Issuer must ensure that:

(a) the number of additional or replacement financial products issued to the Depositary Nominee is calculated as if each Holder of CDIs with respect to the Depositary Nominee's Holdings is a Holder of a corresponding number of Principal Financial Products; and

(b) Holders of CDIs receive additional or replacement CDIs reflecting the entitlements so calculated.

Introduced 11/03/04 Origin SCH 3A.6.8

13.6.11 GENERAL DIRECTION AND ACKNOWLEDGMENT BY DEPOSITARY NOMINEE

A Depositary Nominee for a Principal Issuer:

(a) is taken to have directed the Principal Issuer to administer all Corporate Actions of the Principal Issuer in the manner provided in these Rules; and

(b) acknowledges that compliance with these Rules discharges the Principal Issuer's obligation to make the benefit of a Corporate Action available to the Depositary Nominee.

Introduced 11/03/04 Origin SCH 3A.6.9, 3A.6.10

13.6.12 TRANSMUTATIONS OF FINANCIAL PRODUCTS AND ASSOCIATED ENTITLEMENTS

Where, during an ex-period for a Corporate Action, Financial Products which are Approved under Rules 13.1 to 13.13 are Transmuted in order to give effect to a transfer

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of those Financial Products, the transmutation of those Financial Products must be effected together with any associated Entitlement.

Introduced 11/03/04 Origin SCH 3A.6.11

13.7 TAKEOVERS

13.7.1 DEPOSITARY NOMINEE TO ACCEPT ONLY IF AUTHORISED BY HOLDERS OF CDIs

If a takeover offer is received by a Depositary Nominee of Approved Principal Financial Products, the Depositary Nominee must not accept the offer except to the extent that acceptance is authorised by Holders of CDIs with respect to the Principal Financial Products under these Rules.

Introduced 11/03/04 Origin SCH 3A.7.1

13.7.2 ACCEPTANCE WITH RESPECT TO HOLDERS OF CDIS ON CHESS SUBREGISTER

If:

(a) Approved Principal Financial Products are held by a Depositary Nominee; and

(b) the corresponding CDIs are held on a CHESS Subregister;

then the provisions of the Rules governing the processing of takeover acceptances of Financial Products held on a CHESS Subregister apply as if the CDIs were Financial Products of a listed public company and the Depositary Nominee must accept a takeover offer with respect to Principal Financial Products which it holds if and to the extent to which acceptances are received and processed pursuant to the Rules.

Introduced 11/03/04 Origin SCH 3A.7.2

13.7.3 ACCEPTANCE WITH RESPECT TO HOLDERS OF CDIs ON ISSUER-SPONSORED SUBREGISTER

If:

(a) Approved Principal Financial Products are held by a Depositary Nominee; and

(b) corresponding CDIs are held on the Issuer Sponsored Subregister,

(c) then the Depositary Nominee must:

(i) as soon as possible after the date of receipt of the takeover offer from the offeror, despatch to each Holder of CDIs registered on the CDI Register at the date of the offer, copies of the offer documentation, together with any other documents despatched to target holders of the Principal Financial Products; and

(ii) ensure that the offer documentation despatched to Holders of CDIs includes a Notice in a form acceptable to ASTC in accordance with the Procedures.

Introduced 11/03/04 Origin SCH 3A.7.3

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13.7.4 PROCESSING OF ACCEPTANCES FROM HOLDERS OF CDIs

Where the provisions of Rule 13.7.3 apply, the Depositary Nominee must ensure that:

(a) the offeror receives and processes acceptances from Holders of CDIs or appoints a receiving agent in Australia to receive and process acceptances with respect to Holders of CDIs on the Issuer Sponsored Subregister; and

(b) either the offeror or the offeror's receiving agent provides the Depositary Nominee with a clear statement of the number of Principal Financial Products held by the Depositary Nominee with respect to which acceptances of Holders of CDIs have been received, in sufficient time to enable the Depositary Nominee to lodge a valid acceptance of the offer with the offeror as holder of the Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.7.4

13.7.5 LIABILITY OF DEPOSITARY NOMINEE

The Depositary Nominee has no liability to:

(a) the Principal Issuer;

(b) Holders of Principal Financial Products;

(c) Holders of CDIs;

(d) any person claiming an interest in Principal Financial Products or CDIs; or

(e) the takeover offeror

with respect to lodging or not lodging takeover acceptances for the whole or any part of its Holding of Principal Financial Products unless it:

(f) acts contrary to a statement of a receiving agent given under Rule 13.7.4(b) or contrary to the information supplied to it by ASTC regarding takeover acceptances with respect to Holdings on the CHESS Subregister for the CDIs;

(g) acts negligently or in breach of these Rules; or

(h) negligently fails to lodge the acceptance or acceptances before the close of the offer period.

Introduced 11/03/04 Origin SCH 3A.7.5

13.8 VOTING ARRANGEMENTS

13.8.1 INTERPRETATION

For the purposes of Rule 13.8, "constitution of a Principal Issuer" means:

(a) in respect of a share, constitution as defined in the Corporations Act; or

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(b) in respect of a Financial Product other than a share, the document which creates the right for a holder of Financial Products to attend and vote at meetings of holders of Financial Products of that class and to appoint proxies in respect of that voting.

Introduced 11/03/04 Origin SCH 3A.1.3

13.8.2 PRINCIPAL ISSUER TO NOTIFY HOLDERS OF CDIS

If a meeting is convened of Holders of a class of Principal Financial Products vested in a Depositary Nominee for a Principal Issuer, the Principal Issuer must send a Notice of the meeting to each Holder of CDIs at the address recorded in the CDI Register at the same time as Notice of the meeting is sent to Holders of the Principal Financial Products.

Introduced 11/03/04 Origin SCH 3A.8.1

13.8.3 HOLDERS OF CDIs MAY GIVE DIRECTIONS TO DEPOSITARY NOMINEE

Subject to Rule 13.8.8, the Depositary Nominee must appoint two proxies even if under the constitution of the Principal Issuer, a Depositary Nominee has a right to:

(a) appoint more than one proxy for the purpose of voting at a meeting of the Principal Issuer; and

(b) cast different proxy votes for different parts of the Holding.

Introduced 11/03/04 Origin SCH 3A.8.2

13.8.4 PROXIES TO INDICATE RESULTS OF RESOLUTION

One of the two proxies so appointed in accordance with Rule 13.8.3 must indicate the number of Financial Products in favour of the resolution described in the proxy, and the second proxy must indicate the number of Financial Products against the resolution described in the proxy.

Introduced 11/03/04 Origin SCH 3A.8.3

13.8.5 DETERMINING THE NUMBER OF FINANCIAL PRODUCTS FOR EACH PROXY

The manner in which the number of Financial Products is determined for each proxy is by:

(a) taking the number of CDIs in favour of the resolution;

(b) taking the number of CDIs against the resolution;

(c) applying the transmutation ratio to those CDIs; and

(d) entering the resultant number of Financial Products on the appropriate proxy.

Introduced 11/03/04 Origin SCH 3A.8.4

13.8.6 DEPOSITARY NOMINEE APPOINTING A SINGLE PROXY

If under the constitution of the Principal Issuer, a Depositary Nominee can only appoint a single proxy, the Depositary Nominee must:

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(a) take the number of CDIs in favour of the resolution;

(b) take the number of CDIs against the resolution;

(c) determine the net voting position either in favour of or against the resolution;

(d) apply the transmutation ratio to those CDIs; and

(e) accordingly enter the resultant number of Financial Products on the proxy.

Introduced 11/03/04 Origin SCH 3A.8.5

13.8.7 VOTING INSTRUCTIONS BY DEPOSITARY NOMINEE

Where the appointed proxy or proxies are required to vote on multiple resolutions, the Depositary Nominee must instruct the proxy or proxies to vote in such manner as will in the reasonable opinion of the Depositary Nominee best represent the wishes of the majority of Holders of CDIs.

Introduced 11/03/04 Origin SCH 3A.8.5A

13.8.8 DEPOSITARY NOMINEE TO APPOINT HOLDERS OF CDIs AS PROXY

The Depositary Nominee must appoint a Holder of CDIs or a person nominated by a Holder of CDIs as its proxy for the purpose of attending and voting at a meeting of the Principal Issuer where:

(a) the constitution of the Principal Issuer allows the Depositary Nominee to appoint Holders of CDIs or a person nominated by a Holder of CDIs as its proxy; and

(b) the Holder of CDIs has informed the Principal Issuer that the Holder wishes to nominate another person to be appointed as the Depositary Nominee's proxy.

Introduced 11/03/04 Origin SCH 3A.8.1

13.8.9 PRINCIPAL ISSUER MUST NOTIFY HOLDERS OF CDIs OF THEIR RIGHTS

The Principal Issuer must:

(a) include with the Notice of meeting distributed under Rule 13.8.2 a Notice in a form acceptable to ASTC in accordance with the Procedures; and

(b) make appropriate arrangements to:

(i) collect and process any directions by Holders of CDIs;

(ii) provide the Depositary Nominee with a report in writing that clearly shows how the Depositary Nominee must exercise its right to vote by proxy at the meeting, in sufficient time to enable the Depositary Nominee to lodge a proxy for the meeting; and

(iii) where a Holder of CDIs, or a person nominated by a Holder of CDIs, is to be appointed the Depositary Nominee's proxy in accordance with Rule 13.8.8, collect and process all relevant proxy forms in sufficient

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time to enable the Depositary Nominee to lodge a proxy or proxies for the meeting.

Introduced 11/03/04 Origin SCH 3A.8.6

13.8.10 DEPOSITARY NOMINEE TO CALL FOR A POLL

To the extent that it is able to do so, the Depositary Nominee must make or join in any demand for a poll in respect of any matter at a meeting of the Principal Issuer in accordance with any report in writing supplied by the Principal Issuer under Rule 13.8.9(b)(ii).

Introduced 11/03/04 Origin SCH 3A.8.7

13.8.11 MEETINGS OF HOLDERS OF CDIs

If it is necessary or appropriate for a meeting of Holders of CDIs to be convened for any purpose, including a purpose specified in these Rules:

(a) the meeting may be convened by the directors of the Principal Issuer to which the CDIs relate, or in any other manner in which a meeting of holders of Financial Products of the Principal Issuer may be convened under the law of the place of formation of the Principal Issuer;

(b) the rights of Holders of CDIs to appoint a proxy, to vote on a show of hands, to call for a poll and vote on a poll must be determined as if the meeting were a meeting of holders of Financial Products of the Principal Issuer;

(c) the requirements for Notice of the meeting and the rules and procedures for a meeting of Holders of CDIs must be the requirements, rules and procedures that would apply to a meeting of holders of Financial Products of the Principal Issuer.

Introduced 11/03/04 Origin SCH 3A.8.8

13.8.12 LIABILITY OF DEPOSITARY NOMINEES

The Depositary Nominee has no liability to:

(a) the Principal Issuer;

(b) Holders of Principal Financial Products;

(c) Holders of CDIs; or

(d) any person claiming an interest in Principal Financial Products or CDIs,

with respect to any conduct or omission of the Depositary Nominee at or connected with a meeting of Holders of Financial Products of a Principal Issuer, unless the Depositary Nominee:

(e) acts contrary to a report of the Principal Issuer given under Rule 13.8.9(b)(ii);

(f) acts negligently or in breach of these Rules; or

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(g) negligently fails to vote or lodge forms of proxy before the close of the period within which proxies for the meeting may be lodged.

Introduced 11/03/04 Origin SCH 3A.8.9

13.9 SPECIFIC MODIFICATIONS TO RULES

13.9.1 MODIFICATIONS

The following modifications are made to the Rules in respect of the operation of Section 13:

(a) Rule 8.1 does not apply.

(b) Rule 8.2(a) is varied by the insertion of the words "or Rules 13.1 to 13.13;" after Rule" 8.1".

(c) Rules 8.6.4 and 8.6.5 should be read as if references to the "Commission" were references to "ASTC" and references to the "Corporations Act" were references to "these Rules".

(d) The provisions of Rule 8.12 are modified by the provisions of Rules 13.9.2 to 13.9.6 below.

(e) Rule 5.2.1 is amended by insertion of the words "or Rules 13.1 to 13.13 after "8.1" in Rule 5.2.1.

(f) Rules 5.2.2 and 5.4.1 do not apply to a class of Principal Financial Products that is Approved under Rules 13.1 to 13.13.

(g) Rule 5.4.2 is to be read as if the following provision is added to the end of Rule 5.4.2, "An Issuer may not cease to operate its Issuer Sponsored Subregister unless ASTC agrees in writing."

(h) Rule 5.9 only applies where a Transfer is initiated by a Participant which has the effect of a Conversion.

(i) Rules 5.13.1 and 5.13.3 are modified so that the references to "total issued capital" must be read as references to " total number of CDIs".

(j) The provisions of Section 14 are taken to apply to CDIs as if the CDIs were Financial Products in an Australian listed public company and the takeover bid with respect to the Principal Financial Products was a takeover under the Corporations Act.

Introduced 11/03/04 Origin SCH 3A.9.1 to 3A.9.5, 3A.9.8 to 3A.9.12, 3A.9.12A to 3A.9.19

13.9.2 CHESS TO CERTIFICATED TRANSFER

A CHESS to Certificated Transfer of Principal Financial Products may be initiated by a Participant that Transmits a Valid Originating Message to ASTC in accordance with the Procedures.

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Introduced 11/03/04 Origin SCH 3A.9.6.1

13.9.3 ACTIONS OF ASTC

If an Originating Message Transmitted to ASTC complies with Rules 13.9.2 to 13.9.6 and there are sufficient available Financial Products in the Source Holding, ASTC must:

(a) deduct the number of Financial Products specified in the Originating Message from the Source Holding; and

(b) Transmit a Message to the Issuer to transfer Financial Products in accordance with the Originating Message.

Introduced 11/03/04 Origin SCH 3A.9.6.2

13.9.4 ISSUER TO GENERATE TRUSTEE TRANSFER FORMS

If an Issuer receives a Valid Message under Rule 13.9.3(b), the Issuer must, within the Scheduled Time:

(a) generate a Trustee Transfer Form in accordance with the Procedures; and

(b) register that Transfer in the Principal Register.

Introduced 11/03/04 Origin SCH 3A.9.6.3

13.9.5 TIME AT WHICH TRANSFER TAKES EFFECT

A Transfer initiated under Rule 13.9.4(a) is deemed to take effect at the time ASTC deducts the number of CDIs specified in the Originating Message from the Source CDI Holding.

Introduced 11/03/04 Origin SCH 3A.9.6.4

13.9.6 AUTHORITY OF HOLDER OF CDI REQUIRED

A Participant must not transmit a Valid Originating Message which has the effect of Transmuting CDIs to Principal Financial Products without the prior authority of the Holder of CDIs.

Introduced 11/03/04 Origin SCH 3A.9.6.5

13.9.7 CERTIFICATED TO CHESS TRANSFERS

A Certificated to CHESS Transfer may be initiated by a Participant that:

(a) lodges a properly completed document of Transfer and Certificate or Marked Transfer with the Principal Issuer within the Scheduled Time; and

(b) Transmits a Valid Originating Message to ASTC in accordance with the Procedures.

Introduced 11/03/04 Origin SCH 3A.9.7.1

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13.9.8 ASTC TO REQUEST ISSUER TO AUTHORISE THE TRANSFER

If an Originating Message Transmitted to ASTC complies with Rule 13.9.7(b), ASTC will:

(a) Transmit to the Issuer a Message requesting the Issuer to authorise the Transfer of Financial Products in accordance with that Originating Message; and

(b) specify the Registration Details in the Message to the Issuer to enable the Issuer to validate the Registration Details, where applicable.

Introduced 11/03/04 Origin SCH 3A.9.7.2

13.9.9 ISSUER TO PROCESS THE TRANSFER

If an Issuer receives:

(a) a properly completed document of Transfer and Certificate or Marked Transfer; and

(b) a Valid Message under Rule 13.9.8 from ASTC pursuant to an Originating Message,

the Issuer must, within the Scheduled Time:

(c) enter the Transfer in the Principal Register;

(d) Transmit a Message to ASTC to Transfer the Financial Products in accordance with the Originating Message; and

(e) in the case of a Message requesting the Issuer to authorise a Transfer where the Transfer has the effect of a Conversion, ensure the Registration Details specified in the Message for the Target Holding match the Registration Details maintained by the Issuer for the Source Holding.

Introduced 11/03/04 Origin SCH 3A.9.7.3

13.9.10 ASTC TO ENTER FINANCIAL PRODUCTS INTO TARGET HOLDING

If ASTC receives a Valid Message under Rule 13.9.9(d), ASTC must enter Financial Products into the Target Holding in accordance with the Originating Message.

Introduced 11/03/04 Origin SCH 3A.9.7.4

13.9.11 CONDITIONS FOR ISSUER'S AUTHORISATION OF A TRANSFER NOT MET

If the conditions for authorisation by the Issuer of a Transfer as stipulated in Rule 13.9.9 are not met, the Issuer must:

(a) reject the Message; and/or

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(b) return the properly completed document of Transfer and Certificate or Marked Transfer to the Participant that lodged it without entering the Transfer in the Principal Register,

whichever is relevant.

Introduced 11/03/04 Origin SCH 3A.9.7.5

13.9.12 TIME AT WHICH TRANSFER TAKES EFFECT

A Transfer initiated under Rule 13.9.7 takes effect when both the actions described in Rule 13.9.9(c) and (d) are completed.

Introduced 11/03/04 Origin SCH 3A.9.7.6

13.10 SHUNTING BETWEEN REGISTERS

13.10.1 SHUNT FROM DI REGISTER TO PRINCIPAL REGISTER

Where a Holder gives Notice requesting that the Principal Issuer shunt all or part of a Holding of DIs into Principal Financial Products, the Principal Issuer must reduce that Holding by the number specified in the Notice and take such steps as are necessary to shunt the same number of Principal Financial Products from the relevant Segregated Account to the Approved Clearing House account nominated in the Notice, within 3 Business Days of receipt of that Notice.

Introduced 11/03/04 Origin SCH 3A.10.1

13.10.2 SHUNT FROM PRINCIPAL REGISTER TO DI REGISTER

Where a Holder gives Notice requesting that the Principal Issuer shunt all or part of a Holding of Principal Financial Products into DIs, the Principal Issuer must take all necessary steps to shunt those Principal Financial Products to the Segregated Account and enter the same number of DIs into a Holding in accordance with the instructions given in the Notice, within 3 Business Days of receipt of that Notice.

Introduced 11/03/04 Origin SCH 3A.10.2

13.11 TAX LAWS

13.11.1 PRINCIPAL ISSUER TO COMPANY WITH TAX LAWS

The Principal Issuer will use its best endeavours to:

(a) comply with all applicable Tax laws as agent and attorney of the Depositary Nominee;

(b) ensure that the Depositary Nominee complies with all applicable Tax laws; and

(c) not do any act or thing which creates a Tax liability, or not omit to do any act or thing, the omission of which creates a Tax liability, which must be discharged by

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the Depositary Nominee, unless provision has been made for the discharge of the liability by some person other than the Depositary Nominee.

The obligations of the Principal Issuer and the Depositary Nominee are subject to all relevant Tax laws.

Introduced 11/03/04 Origin SCH 3A.11.1, 3A.11.2

13.12 NOTICE

13.12.1 NOTICE TO HOLDERS OF CDI'S

Any obligation to give notice to Holders of CDIs under Rules 13.1 to 13.13 must be discharged upon the Depositary Nominee giving notice to the Holder of CDIs at the address of the Holder of CDIs noted on the CDI Register.

Introduced 11/03/04 Origin SCH 3A.12.1

13.13 GENERAL INDEMNITY

13.13.1 PRINCIPAL ISSUER TO INDEMNIFY THE DEPOSITARY NOMINEE

The Principal Issuer indemnifies the Depositary Nominee against all expenses, losses, damages and costs that the Depositary Nominee may sustain or incur in connection with:

(a) CDIs;

(b) its capacity as holder of Principal Financial Products;

(c) any act done, or required to be done, by the Principal Issuer (whether or not on behalf of the Depositary Nominee) under Rules 13.1 to 13.13 of the Rules; and

(d) any act otherwise done or required to be done by the Depositary Nominee under Rules 13.1 to 13.13 of the Rules.

Introduced 11/03/04 Origin SCH 3A.13.1

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8.6 CHESS SUBREGISTERS

8.6.1 Status of CHESS Subregister

ASTC must administer, as agent of an Issuer in accordance with these Rules, a CHESS Subregister for each class of the Issuer's Approved Financial Products to which the following provisions apply:

(a) subject to paragraph (b), the CHESS Subregister for a class of an Issuer's Approved Financial Products forms part of the Issuer's principal register for that class of Financial Products; and

(b) if an Issuer's principal register for a class of Approved Financial Products is located outside Australia, the CHESS Subregister forms part of the Issuer's principal Australian register, notwithstanding the fact that the Australian register is a branch register and forms a part of the Issuer's principal register outside Australia.

Introduced 11/03/04 Origin SCH 5.1

8.6.2 INFORMATION RECORDED AND MAINTAINED ON A CHESS SUBREGISTER

ASTC must record and maintain on a CHESS Subregister for a class of Approved Financial Products:

(a) the Registration Details and HIN of each person with a CHESS Holding of Financial Products in that class; and

(b) in relation to each such person, the number of Financial Products held.

Introduced 11/03/04 Origin SCH 5.2.1

8.6.3 HIN NOT TO BE TAKEN TO BE INCLUDED IN A REGISTER

Except to the extent required by these Rules or the law, an Issuer must not include a HIN in a register for the purpose of:

(a) the register being open for inspection; or

(b) furnishing a copy of the register or any part of the register.

Introduced 11/03/04 Origin SCH 5.2.2

8.6.4 NOTICE OF LOCATION OF STORED INFORMATION

As soon as a class of an Issuer's Financial Products are Approved, the Issuer must:

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(a) give notice to the Commission in accordance with Section 1301(1) of the Corporations Act specifying (subject to Rule 8.6.5) the registered office of ASTC as the situation of the place of storage of the information maintained by ASTC on a CHESS Sub-register;

(b) give a copy of that notice to ASTC; and

(c) give a copy of that notice to the exempt or special stock market or exempt financial market where the Issuer's Financial Products are quoted.

Introduced 11/03/04 Origin SCH 5.2.3, 5.2.4

8.6.5 CHANGE OF LOCATION OF STORED INFORMATION

If the situation of the place of storage in relation to information maintained by ASTC on a CHESS Subregister changes:

(a) ASTC must promptly give Notice to the Issuer of the new place of storage; and

(b) the Issuer must give notice to the Commission of the new place of storage in accordance with Section 1301(4) of the Corporations Act.

Introduced 11/03/04 Origin SCH 5.2.5

8.6.6 CLASSES OF HOLDINGS ON A CHESS SUBREGISTER

Holdings that may be maintained on a CHESS Subregister are:

(a) Holdings that are controlled by a Participant; or

(b) such other Holdings as are determined by ASTC, from time to time.

Introduced 11/03/04 Origin SCH 5.3.1

8.7 ESTABLISHING A HOLDER RECORD

8.7.1 RESTRICTIONS ON ESTABLISHING A HOLDER RECORD

A Participant must not Transmit a Message to establish a Holder Record in relation to a person under Rule 8.7.2 unless:

(a) the person is a Related Body Corporate of the Participant; or

(b) the Participant holds a current Sponsorship Agreement executed by the Participant and the person.

Introduced 11/03/04 Origin SCH 5.4.1A

8.7.2 ESTABLISHING A HOLDER RECORD

If a Participant Transmits a Valid Message to ASTC requesting ASTC to establish a Holder Record that includes the matters specified in the Procedures, ASTC must:

(a) establish a Holder Record on CHESS for that person;

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(b) allocate a HIN to that Holder; and

(c) if the Holder Record has been established for a Participant Sponsored Holder, promptly send a Notice in relation to that Holder Record to that Participant Sponsored Holder.

If the Holder Record is in relation to a person that is a Participant Sponsored Holder, the Participant must, in the absence of any specific alternative written authority from that other person specify as the current Registration Details in the Message, the name and address details for the person as recorded in the Sponsorship Agreement.

Introduced 11/03/04 Origin SCH 5.4.1, 5.4.1B

8.7.3 HOLDER RECORD FOR HOLDING OF FOR FINANCIAL PRODUCTS

A Participant must determine whether the Residency Indicator of a Holder Record is applicable to any new Holding of FOR Financial Products, and if it is not applicable to the new Holding of FOR Financial Products and there is no existing Holder Record with the appropriate Residency Indicator, the Participant must:

(a) establish a separate Holder Record for that new Holding with the appropriate Residency Indicator; and

(b) transfer that Holding to that Holder Record.

Note: Because of differing definitions of "Foreign Person" under the governing legislation or constitution of different Issuers with aggregate foreign ownership restrictions, a Holder's status (for the purposes of settling transactions in FOR Financial Products) may differ between Issuers.

Where these circumstances apply, Holders must have two distinct Holder Records in CHESS; one with a Residency Indicator of "F" and another with a Residency Indicator of "D". Holdings of particular Financial Products must then be linked to the appropriate Holder Record.

Introduced 11/03/04 Origin SCH 5.4.3

8.7.4 INDEMNITY BY PARTICIPANT WHERE HOLDER RECORD ESTABLISHED INCORRECTLY

If, under Rule 8.7.2, a Participant has Transmitted a Valid Message requesting ASTC to establish a Holder Record and that Message specifies the Holder Type as Participant Sponsored Holder or specifies a Residency Indicator and any of the following apply:

(a) the Participant is not authorised to establish the Holder Record;

(b) the Participant has provided incorrect details in the Message; or

(c) the Participant has provided an incorrect Residency Indicator in the Message,

subject to Rule 8.7.5 the Participant indemnifies:

(d) ASTC from and against all losses, damages, costs and expenses which ASTC may suffer or incur by reason of that unauthorised request or that Transmission of incorrect Holder Record details or an incorrect Residency Indicator; and

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(e) if a Holding is established using incorrect Holder Record details or an incorrect Residency Indicator, the Issuer from and against all losses, damages, costs and expenses which the Issuer may suffer or incur by reason of that Holding being established.

Introduced 11/03/04 Origin SCH 5.4.4, 5.4.5

8.7.5 LIMITATION ON PARTICIPANT INDEMNITY

A Participant is not liable to indemnify ASTC or an Issuer under Rule 8.7.4 if the Participant has provided details which are consistent with the directions of the relevant Holder for the purposes of holding FOR Financial Products and the Participant had no reason to believe that those directions were incorrect.

Introduced 11/03/04 Origin SCH 5.4.6

8.8 ESTABLISHING A CHESS HOLDING

8.8.1 A CHESS HOLDING MAY BE ESTABLISHED

If a Holder Record for a person has been established and a HIN allocated and a Message specifying that HIN to identify the Target Holding is Transmitted in any of the following circumstances:

(a) a Participant Transmits a Valid Originating Message that initiates a Demand Transfer or Conversion;

(b) ASTC Transmits a Valid Originating Message that initiates a Settlement Transfer; or

(c) an Issuer Transmits a Valid Message to initiate a Holding Adjustment or a Financial Products Transformation,

a CHESS Holding may be established by entering the Financial Products specified in the Message into the Target Holding and, if a new CHESS Holding is established ASTC must notify the Issuer:

(d) that a new Holding has been established; and

(e) of the Holder Record details.

Introduced 11/03/04 Origin SCH 5.5

8.9 REPORTING TO PARTICIPANT SPONSORED HOLDERS IN RESPECT OF DESPATCHED FINANCIAL PRODUCTS

8.9.1 ISSUER TO SEND HOLDER A NOTICE

If:

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(a) an Issuer makes available forms of application for an Offer of Approved Financial Products; and

(b) an Approved Market Operator gives that Issuer approval for quotation of those Financial Products,

the Issuer must, within 5 Business Days of receiving notification from ASTC that a new CHESS Holding has been established under Rule 5.3.2, and provided the Registration Details specified in the notification from ASTC match the Registration Details specified in the application for the person to whom the Financial Products have been allocated, send to the Holder of that Holding a Notice that sets out:

(c) the HIN;

(d) the Registration Details; and

(e) the Holding Balance,

for the CHESS Holding as specified in the notification from ASTC.

Introduced 11/03/04 Origin SCH 5.4B

8.10 RESTRICTION ON CHESS HOLDINGS

8.10.1 RESTRICTIONS ON NUMBER OF JOINT HOLDERS

Unless permitted under an Issuer's constitution, a Participant must not establish a CHESS Holding that would be held jointly by more than 3 persons.

Introduced 11/03/04 Origin SCH 5.6.1

8.10.2 PROHIBITION ON HOLDINGS OF LESS THAN A MARKETABLE PARCEL

A Participant must not initiate a Transfer of Financial Products if, by giving effect to that Transfer, a new CHESS or Issuer Sponsored Holding of less than a marketable parcel will be established unless:

(a) the Holding of less than a marketable parcel is expressly permitted under an Issuer's constitution; or

(b) the Transfer establishes a new Settlement Holding or Accumulation Holding.

Introduced 11/03/04 Origin SCH 5.7

8.10.3 EQUITABLE INTERESTS

Unless required by these Rules or the law, ASTC need not record on the CHESS Subregister, and is not required to recognise:

(a) any equitable, contingent, future or partial interest in any Financial Product; or

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(b) any other right in respect of a Financial Product,

except an absolute right of legal ownership in the registered Holder.

Introduced 11/03/04 Origin SCH 5.8

8.11 CONFIDENTIALITY

8.11.1 NO DISCLOSURE EXCEPT IN CERTAIN CIRCUMSTANCES

Unless required by these Rules or the law, or with the express consent of the Holder, or of the duly appointed attorney, agent or legal personal representative of that Holder, neither an Issuer nor a Participant may disclose:

(a) the HIN of a CHESS Holding;

(b) the PID of the Controlling Participant of a CHESS Holding; or

(c) the SRN for the Holder of an Issuer Sponsored Holding,

other than to:

(d) the Holder of that Holding;

(e) the Holder's duly appointed attorney, agent or legal personal representative;

(f) if the Holding is a CHESS Holding, the Controlling Participant for that Holding; or

(g) ASTC.

Introduced 11/03/04 Origin SCH 5.9.1

8.11.2 REQUEST FOR INFORMATION BY A PARTICIPANT

For the purpose of Rule 8.11.1(f), if a Participant provides a request to an Issuer in acceptable form or a written request to another Participant for:

(a) details of the SRN of a Holding on the Issuer Sponsored Subregister;

(b) the Holding Balance of a Holding on the Issuer Sponsored Subregister;

(c) the HIN of a CHESS Holder; or

(d) the PID of the Controlling Participant of the CHESS Holding,

the requesting Participant:

(e) is taken to have warranted to the Issuer or the other Participant that it is the duly appointed agent of the Holder for the purposes of obtaining the details requested;

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(f) indemnifies the Issuer or the other Participant in respect of any loss which the Issuer or the other Participant may suffer as a result of the requesting Participant not being authorised to request the information provided; and

(g) is, in the case of a request to the Issuer, taken to have acknowledged that:

(i) the details provided by the Issuer represent information currently available to the Issuer at the time of response and excludes unregistered transactions; and

(ii) the Issuer will not be liable for any loss incurred by the Holder or the Participant as a result of reliance on the details provided, in the absence of information not available to the Issuer at the time of providing those details.

Note: A Participant may request SRN aid Issuer Sponsored Holding Balance details from an Issuer via CHESS message where the Participant is permitted to establish and maintain Sponsored Holdings under Rule 6.3 and has provided ASTC with a Sponsorship Bond of $500,000, refer Rule 6.7.

Introduced 11/03/04 Origin SCH 5.9.2, 5.9.3

8.11.3 DISCLOSURE OF INFORMATION REGARDING FINANCIAL PRODUCTS

Subject to Rule 8.11.4, or unless otherwise required by these Rules or the law, ASTC must not disclose any information regarding Financial Products in a CHESS Holding other than to:

(a) the Holder of that Holding;

(b) the Controlling Participant for that Holding;

(c) the Issuer of the Financial Products; or

(d) if Rule 14.13 applies in relation to a takeover bid any of the following:

(i) the bidder;

(ii) the CHESS Bidder; or

(iii) any agent that the bidder or the CHESS Bidder engages to prepare and distribute offer documentation or process takeover acceptances.

Introduced 11/03/04 Origin SCH 5.9.4

8.11.4 CIRCUMSTANCES WHERE ASTC MAY DISCLOSE INFORMATION

ASTC may disclose information regarding Financial Products in a CHESS Holding, including information in relation to deductions from or transfers to a CHESS Holding, any relevant Source or Target Holdings and Holder Record details, to:

(a) the Commission;

(b) the Reserve Bank of Australia;

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(c) an Approved Market Operator;

(d) an Approved Clearing Facility;

(e) the home regulator of a Foreign Clearing House; or

(f) SEGC

where that body, in the proper exercise of its powers and in order to assist it in the performance of its regulatory functions (or in the case of SEGC, its regulatory or other functions), requests that ASTC provide the information to it.

Without limiting the above, ASTC may disclose to the Reserve Bank of Australia any confidential information of a Facility User that is supplied to ASTC in connection with the Real Time Gross Settlement of a transaction and that is required, in accordance with interface specifications, to be included by ASTC in any message sent to the Reserve Bank of Australia across the Feeder System interface with RITS/RTGS.

Introduced 11/03/04 Origin SCH 5.9.6

8.11.5 COPYRIGHT INFORMATION SUPPLIED TO ASTC

To the extent that a Participant or an Issuer has copyright in the information supplied to ASTC under these Rules, then, subject to Rule 8.11.1 or 8.11.2, the Participant or the Issuer, as the case requires, grants ASTC a licence to reproduce that information to the extent deemed necessary by ASTC.

Introduced 11/03/04 Origin SCH 5.9.5

8.12 REGISTRATION DATE

8.12.1 THE DATE TO BE RECORDED FOR REGISTRATION PURPOSES

If a Transfer is not a CHESS to CHESS Transfer, the date to be recorded as the date Financial Products are entered into a Target Holding for registration purposes is:

(a) if the Source Holding is a CHESS Holding, the date, as evidenced by the CHESS processing timestamp, that ASTC Transmits to the Issuer the Message to Transfer the Financial Products; or

(b) if the Source Holding is an Issuer Sponsored Holding, the date the Issuer Transmits to ASTC the Message authorising the Transfer of the Financial Products.

Introduced 11/03/04 Origin SCH 5.10

8.13 CHESS SUBREGISTER TO REMAIN OPEN ON EACH BUSINESS DAY

8.13.1 ASTC TO KEEP CHESS SUBREGISTER OPEN AND MUST PROCESS MESSAGES

On any Business Day, ASTC:

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(a) unless otherwise provided in these Rules, must not close a CHESS Subregister; and

(b) must process Messages in accordance with these Rules.

Introduced 11/03/04 Origin SCH 5.11

8.14 CLOSURE OF A CHESS SUBREGISTER

8.14.1 CLOSURE OF A CHESS SUBREGISTER - OTHER THAN WHERE FINANCIAL PRODUCTS LAPSE, EXPIRE, MATURE ETC.

Unless Rule 8.14.2 applies, if:

(a) ASTC revokes Approval of a class of an Issuer's Financial Products under Rule 8.4.1(e) or 8.5.4; or

(b) Approval of a class of an Issuer's Financial Products ceases under Rule 8.4.8,

ASTC and the Issuer must take such steps as may be necessary to effect the orderly closure of any affected CHESS Subregister, including without limitation:

(c) ASTC giving such Notice as is reasonably practicable to the Issuer and each Participant of:

(i) the date of closure of the CHESS Subregister; and

(ii) the last day on which ASTC will process Messages or classes of Messages Transmitted by the Issuer or Participants;

(d) the Issuer using its best endeavours to ensure that all outstanding processing that affects CHESS Holdings in that class is completed prior to the date of closure of the CHESS Subregister;

(e) ASTC, on the date of closure of the CHESS Subregister:

(i) removing all Holdings on that Subregister to an Issuer Sponsored Subregister; and

(ii) giving Notice to the Issuer that the CHESS Subregister has been closed;

(f) ASTC sending a Holding statement in accordance with Rule 8.18.6 to each Participant Sponsored Holder of Financial Products on the CHESS Subregister advising that the Holding has been Converted to an Issuer Operated Subregister; and

(g) on the day of such closure or on any subsequent Business Day ASTC may archive that CHESS Subregister provided that on the archiving day it must notify the Issuer and Participants confirming the archival of that Subregister.

Introduced 11/03/04 Origin SCH 5.12.1, 5.12.2

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8.14.2 CLOSURE OF A CHESS SUBREGISTER - WHERE FINANCIAL PRODUCTS LAPSE, EXPIRE, MATURE ETC.

If a class of Approved Financial Products ceases to be quoted because the Financial Products have lapsed, expired, matured or have been redeemed, paid up or Reconstructed, subject to Rules 8.14.3 and 14.21.4, ASTC may archive the CHESS Subregister for that class of Financial Products:

(a) in the case of the class of Approved Financial Product being warrants eligible to be traded under the operating rules of an Approved Market Operator not less than 10 Business Days after the date on which the cessation occurred;

(b) in the case of any other class of Approved Financial Product not less than 20 Business Days after the date on which the cessation occurred; and

if ASTC archives a CHESS Subregister under this Rule 8.14.2, ASTC must:

(c) subject to Rule 8.14.3, reject all Messages Transmitted by the Issuer or Participants that affect a CHESS Holding on that Subregister; and

(d) notify the Issuer, and each Participant confirming the archival of that Subregister.

Introduced 11/03/04 Origin SCH 5.13.1, 5.13.2

8.14.3 REPORT FACILITIES TO BE PROVIDED BY ASTC

ASTC must provide Report facilities to the Issuer and Participants for a period of not less than 10 Business Days for warrants eligible to be traded under the operating rules of an Approved Market Operator and not less than 20 Business Days in the case of any other class of Approved Financial Product following the cessation of a CHESS Subregister under Rule 8.14.2.

Introduced 11/03/04 Origin SCH 5.13.3

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SECTION 2 DEFINITIONS AND INTERPRETATION

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SECTION 2 DEFINITIONS AND INTERPRETATION

This Section contains the definitions and sets out a number of general principles by which these Rules are to be interpreted.

2.1 GENERAL PRINCIPLES OF INTERPRETATION

In these Rules, unless the context otherwise requires:

(a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any regulation or statutory instrument issued under, that legislation or legislative provision;

(b) a reference to the operating rules of an Approved Clearing Facility, the operating rules of an Approved Market Operator, the Listing Rules, these Rules, the Procedures or the Fees and Charges Schedule is a reference to the operating rules, the Procedures or the Schedule as modified or amended from time to time;

(c) the singular includes the plural and vice-versa;

(d) a reference to person, body, corporation, trust partnership, unincorporated body, firm, association, authority or government includes any of them;

(e) a word denoting any gender includes all genders;

(f) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning;

(g) a reference to power includes a reference to authority and discretion:

(h) a reference to a Rule (eg Rule 2.4) includes a reference to all sub-Rules included under that Rule (eg Rule 2.5.4);

(i) a reference to a Section (eg Section 2) includes a reference to all Rules and sub-Rules within that Section;

(j) a reference to any Rule or Procedure is a reference to that Rule or Procedure as amended from time to time;

(k) a reference to time is to the time in Sydney, Australia;

(l) a reference to currency is a reference to Australian currency;

(m) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;

(n) where there is a reference to the power of ASTC to make, demand or impose a requirement there is a corresponding obligation of the relevant Participant to comply with that demand or requirement in all respects; and

(o) a reference to ASTC notifying or giving notice to a Participant or vice-versa is a reference to notifying or giving notice in accordance with Rule 1.10.

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Introduced 11/03/04 Origin SCH 21.1

2.2 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT

2.2.1 WORDS AND EXPRESSIONS DEFINED HAVE THE SAME MEANING IN THESE RULES

Words and expressions defined in the Constitutions or the Corporations Act will unless otherwise defined or specified in these Rules have the same meaning in these Rules.

Introduced 11/03/04 Origin SCH 21.1.2

2.3 HEADINGS AND INTRODUCTORY OVERVIEW

2.3.1 HEADINGS AND INTRODUCTORY OVERVIEW FOR CONVENIENCE OF REFERENCE ONLY

In these Rules, headings and the introductory overview at the beginning of each Section are for convenience of reference only and do not affect interpretation of the Rules or the Procedures.

Introduced 11/03/04 Origin SCH 21.2.1

2.4 CONDUCT, ACTS AND OMISSIONS

2.4.1 REFERENCES TO CONDUCT OR DOING ANY ACT OR THING

In these Rules:

(a) a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement; and

(b) unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting or authorising:

(i) the act or thing to be done; or

(ii) the refusal or omission to occur.

Introduced 11/03/04 Origin SCH 21.3.1, 21.3.5

2.4.2 CONDUCT BY OFFICERS, EMPLOYEES, AGENTS AND THIRD PARTY PROVIDERS

In these Rules, conduct engaged in on behalf of a person:

(a) by an officer, employee, Third Party Provider or other agent of the person within the scope of the actual or apparent authority of the officer, employee, Third Party Provider or other agent; or

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(b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, employee, Third Party Provider or other agent of the person, where the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, employee, Third Party Provider or other agent,

is taken to have been engaged in also by the person.

Introduced 11/03/04 Origin SCH 21.3.2

2.4.3 STATE OF MIND OF A PERSON

If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, employee, Third Party Provider or other agent of the person, being an officer, employee, Third Party Provider or other agent by whom the conduct was engaged in within the scope of the actual or apparent authority of that officer, employee, Third Party Provider or other agent, had that state of mind.

In this Rule 2.4.3, a reference to the state of mind of a person includes a reference to the knowledge, intention, opinion, belief or purpose of the person and the person's reasons for the person's intention, opinion, belief or purpose.

Introduced 11/03/04 Origin SCH 21.3.3, 21.3.4

2.5 REGARD TO BE HAD TO PURPOSE OR OBJECT OF RULES

2.5.1 CONSTRUCTION TO PROMOTE PURPOSE OF RULES

In the interpretation of a Rule, a construction that would promote the purpose or object underlying the Rules (whether that purpose or object is expressly stated in the Rules or not) is to be preferred to a construction that would not promote that purpose or object.

Introduced 11/03/04 Origin SCH 21.4.1

2.6 EXAMPLES AND NOTES

2.6.1 USE OF EXAMPLES AND NOTES

If these Rules include an example of, or a note about, the operation of a Rule:

(a) the example or note is not to be taken to be exhaustive; and

(b) if the example or note is inconsistent with the Rule, the Rule prevails.

Introduced 11/03/04 Origin SCH 21.5.1

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2.7 CHANGE OF NAME

2.7.1 REFERENCE TO A BODY OR OFFICE UNDER A FORMER NAME

If:

(a) the name of a body is changed in accordance with the law (whether or not the body is incorporated); or

(b) the name of an office is changed by law,

then a reference in these Rules to the body or office under any former name, except in relation to matters that occurred before the change took effect, is taken as a reference to the body or office under the new name.

Introduced 11/03/04 Origin SCH 21.6

2.8 EFFECT OF AMENDMENT TO RULES AND PROCEDURES

2.8.1 WHERE AMENDMENTS TO RULES AND PROCEDURES ARE MADE

Unless expressly stated otherwise, where a Rule or Procedure is:

(a) amended;

(b) deleted; or

(c) lapses or otherwise ceases to have effect,

that circumstance does not:

(d) revive anything not in force or existing at the time at which that circumstance takes effect;

(e) affect the previous operations of that Rule or Procedure or anything done under that Rule or Procedure;

(f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Rule or Procedure;

(g) affect any penalty, forfeiture, suspension, expulsion or disciplinary action taken or incurred in respect of any contravention of that Rule or Procedure; or

(h) affect any investigation, disciplinary proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or disciplinary action,

and any such investigation, disciplinary proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or disciplinary action may be imposed as if the circumstance had not taken effect.

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Introduced 11/03/04 Origin OCH 19.2.5

2.9 RULES IN FORCE AT TIME OF CONTRAVENTION

2.9.1 DETERMINING A CONTRAVENTION OF THE RULES

Unless expressly stated otherwise, in determining whether the act or omission of a party constitutes a contravention of the Rules or constitutes Unprofessional Conduct, the matter will be determined with regard to the Rules in force at the time of the relevant act or omission.

Introduced 11/03/04 Origin OCH 19.2.6

2.10 SPECIFIC DEFINITIONS FOR THE PURPOSE OF THE CORPORATIONS ACT AND OTHER LEGISLATION

2.10.1 ASTC REGULATED TRANSFERS

For the purposes of the definition of "ASTC-regulated transfer" in Regulation 1.0.02 of the Corporations Regulations, any Transfer or purported Transfer of Approved Financial Products, whether or not effected in accordance with the Rules, is an ASTC-regulated transfer. A reference to an 'SCH regulated transfer' in any legislation or regulation means an ASTC-regulated transfer. Any ASTC-regulated transfer is, for the purposes of the Corporations Regulations, to be taken, and always to have been, a proper ASTC transfer.

Introduced 11/03/04 Origin SCH 21.9.1

2.10.2 CHESS SUBREGISTER

For the purposes of the definition of "ASTC subregister" in Regulation 7.11.01 of the Corporations Regulations, a CHESS Subregister is an ASTC subregister.

Introduced 11/03/04

2.10.3 REFERENCES TO SCH

Where legislation refers to "SCH" or "Securities Clearing House", references in these Rules to ASTC are taken to be references to "SCH" or "Securities Clearing House" for the purposes only of that legislation.

Introduced 11/03/04

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2.11 ENTERING AND DEDUCTING FINANCIAL PRODUCTS FROM HOLDINGS

2.11.1 REFERENCES TO ENTERING OR DEDUCTING FINANCIAL PRODUCTS

In these Rules, a reference to entering a number of Financial Products into a Holding is a reference to:

(a) if the Holding does not exist at the time of the entry, establishing the Holding with a Holding Balance equal to that number of Financial Products; or

(b) if the Holding already exists at the time of the entry, adding that number of Financial Products to the Holding Balance of the Holding.

In these Rules, a reference to deducting a number of Financial Products from a Holding is a reference to:

(c) if the Holding Balance of the Holding is equal to that number, removing the Holding from the register; and

(d) if the Holding Balance of the Holding is greater than that number, subtracting that number of Financial Products from the Holding Balance.

Introduced 11/03/04 Origin SCH 21.11

2.12 MEANING OF RESERVATION AND RELEASE OF FINANCIAL PRODUCTS FOR SUBPOSITION PURPOSES

2.12.1 RESERVATION IN A SUBPOSITION

For the purposes of these Rules, a number of Financial Products in a CHESS Holding are reserved in a Subposition if:

(a) the Subposition is created over that number of Financial Products; or

(b) an existing reservation in a Subposition of Financial Products in that Holding is increased by that number of Financial Products.

Introduced 11/03/04 Origin SCH 21.12.1

2.12.2 RELEASE FROM A SUBPOSITION

For the purposes of these Rules, a number of Financial Products in a CHESS Holding are released from a Subposition if:

(a) the Subposition over that number of Financial Products is removed; or

(b) where the total number of Financial Products in the Holding that are reserved in the Subposition exceeds the number of Financial Products specified to be released, the Subposition reservation is reduced by that specified number of Financial Products.

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Introduced 11/03/04 Origin SCH 21.12.2

2.13 DEFINITIONS

2.13.1 DEFINITIONS USED IN THE RULES

In these Rules, unless the context otherwise requires:

"ABN" stands for Australian Business Number and means a person's number as shown in the Australian Business Register.

"ACCEPTANCE FORM" means a document that enables a person to communicate to an Issuer an election in relation to a Corporate Action, including (without limitation):

(a) an entitlement & acceptance form;

(b) a provisional letter of allotment; and

(c) an application form (whether or not attached to a prospectus).

"ACCOUNT PARTICIPANT" means a Participant admitted to participate in the Settlement Facility under Rule 4.5.

"ACCOUNTANT" means a member of the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia or other body approved by ASTC.

"ACCRUED BATCH INSTRUCTION" means a Batch Instruction generated by ASTC to effect a distribution of Financial Products arising from a Corporate Action.

"ACCRUED DvP BATCH INSTRUCTION" means an Accrued Batch Instruction with a Settlement Amount that is scheduled to settle in DvP Batch Settlement.

"ACCRUED RTGS INSTRUCTION" mean an RTGS Instruction generated by ASTC to effect a distribution of Financial Products arising from a Corporate Action.

"ACCUMULATION ACCOUNT" means a Holder Record maintained by a Settlement Participant for the purpose of facilitating settlement of transactions in Approved Financial Products with non-Participant clients.

"ACCUMULATION HOLDING" means a Holding of Financial Products for which the Holder Record is an Accumulation Account.

"ACH" means Australian Clearing House Pty. Limited (ABN 48 001 314 503).

"ADMISSION FORM" means an admission form, as specified by ASTC from time to time, for use by a Participant seeking to become a Participant in the Settlement Facility.

"AIC" stands for Access Identification Code and means a unique code allocated by ASTC under Rule 16.14.

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"AIF" stands for Automated Information Facility and means the service so designated that is offered by the Reserve Bank of Australia in connection with RITS/RTGS.

"AIS" means ASX International Services Pty Limited (ABN 62 089 068 913).

"ALLOCATION COMPONENT" means, without limitation, in respect of an Offer:

(a) a Firm Allocation Component;

(b) a book-build; or

(c) a placement.

"ALLOCATION INTEREST" means a journal entry on a CHESS or Issuer operated record:

(a) representing a Approved Financial Product applied for, or to be applied for, under an Offer; and

(b) by which the Issuer calculates the number of Approved Financial Products to be issued or disposed under Rule 15.27.

"APPEAL" means an appeal to the Appeal Tribunal against:

(a) a determination of the Disciplinary Tribunal under Section 12;

(b) rejection of an application for Participation under Section 4;

(c) action taken against a Participant under Section 12; or

(d) revocation or impending revocation of ASTC Approval of a class of an Issuer's Financial Products under Section 8 or Section 12.

"APPEAL NOTICE" means a Notice given to appeal decisions made under the Rules.

"APPEAL TRIBUNAL" means the tribunal established under Section 8 or Section 12 for the purpose of hearing Appeals.

"APPLICATIONS CLOSE DATE" means the date by which a person must submit an Acceptance Form to an Issuer if the person wishes to subscribe for new or additional Financial Products.

"APPROVED AGENT" means a person who has such qualifications for the purposes of Section 12 as ASTC or ASTC determines and who is appointed by the Managing Director of ASTC.

"APPROVED CLEARING FACILITY" means a CS Facility approved by ASTC as an Approved Clearing Facility and specified in the Procedures.

"APPROVED CLEARING HOUSE" means a settlement and deposit system for the safe custody, delivery and payment of Principal Financial Products or Participating International Financial Products, approved by ASTC for the purposes of establishing a Segregated Account.

"APPROVED FINANCIAL PRODUCTS" means a Financial Product approved by ASTC in accordance with Section 8.

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"APPROVED MARKET OPERATOR" means a Market Operator approved by ASTC as an Approved Market Operator and specified in the Procedures.

"APPROVED PRINCIPAL FINANCIAL PRODUCTS" means Financial Products which are approved by ASTC in accordance with Section 13.

"ASTC" means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

"ASTC INDEMNITY" means the indemnity in Rule 3.6.7.

"ASTC REGULATED TRANSFER" means any Transfer or purported Transfer of Approved Financial Products.

"ASX" means Australian Stock Exchange Limited (ABN 98 008 624 691).

"ASX GROUP" means ASX and its subsidiaries and controlled entities.

"ASX BUSINESS RULES" means the operating rules (excluding the Listing Rules) of ASX.

"ASX WORLD LINK AGREEMENT" means the agreement between AIS and a Settlement Participant which is a Market Participant for participation in the ASX World Link Service as displayed on the ASX World Link Website from time to time.

"ASX WORLD LINK SERVICE" has the same definition as that set out in the ASX World Link Agreement.

"ASX WORLD LINK WEBSITE" means in relation to the ASX World Link Service the information (whether data, text, images, speech or otherwise) concerning the ASX World Link Service displayed from time to time by AIS or a Related Body Corporate of ASX on the internet at the URL: https://www.asxonline.com, or at any other additional or replacement URL notified by AIS to Participants from time to time, as that information is varied from time to time.

"AUTHORISED COPY" in relation to documents specified under Section 6 of these Rules, means a true and complete copy of the document in a form authorised by ASTC.

"AUTHORISED PERSON" means any person who has actual authority of the Facility User to cause Messages to be Transmitted by that Facility User.

"AVAILABLE CREDIT" in Section 11, has the meaning given in Rule 11.20.3.

"AVAILABLE FINANCIAL PRODUCTS" means Financial Products that are:

(a) not in a Locked Holding;

(b) in the case of Financial Products in an Issuer Sponsored Holding, not reserved under the Listing Rules for the benefit of an Offeror in relation to a takeover scheme;

(c) in the case of Financial Products in a CHESS Holding, not reserved in a Subposition.

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"BANK" means the person that operates the clearing facility for inter-bank payments on behalf of ASTC and may, where permitted by the Reserve Bank of Australia, include ASTC and for the purposes of the Standard Payments Provider Deed is known as the CHESS Bank.

"BANKRUPTCY" means:

(a) in the case of a body corporate, where:

(i) an administrator of the body corporate is appointed under section 436A, 436B or 436C of the Corporations Act;

(ii) the body corporate commences to be wound up or ceases to carry on a business;

(iii) a receiver, or a receiver and manager, of property of the body corporate is appointed, whether by a court or otherwise; or

(iv) the body corporate enters into a compromise or arrangement with its creditors or a class of them; or

(b) in the case of a natural person, where:

(i) a creditor's petition or a debtor's petition is presented under Division 2 or 3, as the case may be, of Part IV of the Bankruptcy Act 1966 against the person, the partnership in which the person is a partner, or two or more joint debtors who include the person;

(ii) the person's property becomes subject to control under Division 2 of Part X of the Bankruptcy Act 1966;

(iii) the person executes a deed of assignment or deed of arrangement under Part X of the Bankruptcy Act 1966;

(iv) the person's creditors accept a composition under Part X of the Bankruptcy Act 1966; or

(v) the person's creditors accept a debt agreement proposal under Part IX of the Bankruptcy Act 1996,

and, where a reference is made to a Division or Part of the Bankruptcy Act 1966, that reference includes a reference to the provisions of a law of an external territory, or a country other than Australia or an external territory, that correspond to that Division or Part.

"BATCH INSTRUCTION" means an instruction to ASTC to effect:

(a) a Settlement Transfer in Batch Settlement and, if the instruction is for value, payment in DvP Batch Settlement; or

(b) in respect of a Payment Batch Instruction, payment in Batch Settlement,

and includes:

(a) a CCP Net Batch Instruction;

(b) a CCP Gross Batch Instruction;

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(c) a CCP Derivatives Payment Batch Instruction;

(d) a Dual Entry Batch Instruction;

(e) a Dual Entry Payment Batch Instruction;

(f) a Single Entry Batch Instruction; and

(g) a Direct Batch Instruction.

"BATCH SETTLEMENT" means the process by which transactions are settled in the Settlement Facility in accordance with Section 10 whether or not in DvP Batch Settlement.

"BUSINESS DAY" means a day other than:

(a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and

(b) any other day which ASTC notifies CHESS Users is not a Business Day.

"BUSINESS HOURS" means the hours between Start of Day and End of Day.

"CASH SUB-RECORD" means a CHESS record:

(a) ancillary to a Participant's Net Position Record; and

(b) tagged with an RTGS Account Identifier,

that tracks amounts to be debited or credited, on settlement of an RTGS Instruction, to the account of the Participant linked to that RTGS Account Identifier.

"CCP" means ACH and any other person nominated by ASTC and approved by the Commission when operating as a central counterparty to a transaction novated in accordance with the operating rules of an Approved Clearing Facility.

"CCP BATCH INSTRUCTION" means either a CCP Gross Batch Instruction or a CCP Net Batch Instruction.

"CCP DERIVATIVES PAYMENT BATCH INSTRUCTION" means an Instruction notified by CCP to ASTC for settlement in relation to a derivatives payment in Batch Settlement on each Business Day;

"CCP GROSS BATCH INSTRUCTION" means a Batch Instruction (excluding a Dual Entry Payment Batch Instruction) to give effect to a transaction that has been novated to CCP but that has not been netted in accordance with the operating rules of the Approved Clearing Facility.

"CCP GROSS RTGS INSTRUCTION" means an RTGS Instruction to give effect to a transaction that has been novated to CCP but that has not been netted in accordance with the operating rules of the Approved Clearing Facility.

"CCP NET BATCH INSTRUCTION" means a Batch Instruction (excluding a Dual Entry Payment Batch Instruction) to give effect to a transaction that has been novated to CCP and netted in accordance with the operating rules of the Approved Clearing Facility.

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"CDI" stands for CHESS Depositary Interest and means a unit of beneficial ownership in a Principal Financial Product, registered in the name of the Depositary Nominee, and includes:

(a) CUFS; and

(b) DIs.

"CDI REGISTER" means a register of CDI Holdings maintained by a Principal Issuer under the Rules, consisting of:

(a) an Issuer-Sponsored Subregister of Holders of CDIs and a CHESS Subregister of Holders of CDIs; or

(b) with the consent of ASTC, a CHESS Subregister of Holders of CDI.

Note: ASTC may consent to a CDI Register consisting of a CHESS Subregister only, where the relevant offer is limited to institutional Holders.

"CERTIFICATE" means any document issued to a Holder of Participating International Financial Products as evidence of that Holder's title to those Financial Products or Participating International Financial Products, for example, a share certificate, an option certificate, debenture or warrant.

"CERTIFICATE NUMBER" means a reference number allocated by an Issuer in respect of, and printed on, a Certificate.

"CHANGE OF REGISTRATION DETAILS" means information altering Registration Details in the electronic records of ASTC.

"CHESS" stands for the Clearing House Electronic Subregister System operated by:

(a) ACH for the purpose of clearing Cash Market Transactions and Cash CCP Transactions; and

(b) ASTC for the purpose of settling transactions in Approved Financial Products, Transfering Financial Products and registering Transfers.

"CHESS HOLDING" means a Holding of Financial Products on the CHESS Subregister.

"CHESS PROVISION" means:

(a) a provision of these Rules; or

(b) a provision of Chapter 7 of the Corporations Act which is material to the operation of CHESS.

"CHESS RENOUNCEABLE RIGHTS SUBREGISTER" means the Subregister administered by ASTC that records Holdings of rights.

"CHESS SOFTWARE" means all systems and applications programs relevant to the operation of CHESS including (without limitation) all of the computer software maintained and used by ASTC for the purposes of CHESS (other than software used by a Facility User to communicate with CHESS).

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"CHESS SUBREGISTER" means

(a) that part of an Issuer's register; or

(b) that part of a Foreign Issuer's CUFS Register, for a class of the Issuer's Approved Financial Products that is administered by ASTC; and

(c) in relation to Section 13 means the FDI Register for a class of Participating International Financial Products that is administered by ASTC.

"CHESS TO CERTIFICATED" means a Transfer or Conversion of Principal Financial Products from a CHESS Holding to a certificated register administered by the Principal Issuer.

"CHESS TO CHESS" means a Transfer of Financial Products from one CHESS Holding to another CHESS Holding.

"CHESS TO ISSUER SPONSORED" means a Transfer or Conversion of Financial Products from a CHESS Holding to an Issuer Sponsored Holding.

"CLEARING ACCOUNT" means a Settlement Account or an Accumulation Account.

"CLEARING HOLDING" means a Settlement Holding or an Accumulation Holding.

"CLEARING PARTICIPANT" means a person admitted as a participant in an Approved Clearing Facility under the operating rules of that facility.

"COMMENCEMENT DATE" in relation to a class of an Issuer's Financial Products, means the date on which Financial Products in that class become ASTC Approved.

"COMMISSION" means the Australian Securities and Investments Commission.

"COMMUNICATION" means an electronic communication within CHESS which may affect the balance of a CHESS Holding.

"COMPLETE CORPORATE ACTION RECORD" means a record of information relating to a Corporate Action that includes all relevant dates.

"CONFIRMED FOR INDICATOR" means, when specified in a Message transmitted by a Participant, that the Participant is seeking to effect a Transfer or Conversion as a Foreign to Foreign Allocation.

Note: the indicator to be set in such instances is "OR"

"CONFIRMED FOR FINANCIAL PRODUCTS" means the lesser of either:

(a) the number of FOR Financial Products in a Holding whose Residency Indicator is recorded by ASTC as "F", calculated as the current Holding Balance of FOR Financial Products; or

(b) the number of FOR Financial Products in a Holding whose Residency Indicator is recorded as "F", at Start of Day, adjusted by:

(i) those Financial Products transferred into the Holding pursuant to a Foreign to Foreign Allocation during that Business Day; and

(ii) any Conversions of those Financial Products into or out of the Holding; and

(iii) those Holding Adjustments initiated by an Issuer pursuant to Rule 5.12.4; less

(iv) that number of Financial Products transferred out of the Holding pursuant to a Foreign to Foreign Allocation during that Business Day.

"CONTRAVENTION NOTICE" means a Notice given by ASTC to a Facility User under Section 12.

"CONTROLLING PARTICIPANT" in relation to a CHESS Holding, means the Participant that has the capacity in CHESS to either:

(a) Transfer or Convert Financial Products from the Holding; or

(b) transfer in terms of Rule 13.19.2; or

(c) Transmute FDIs from the Holding.

"CONVERSION" means a movement of Financial Products from a Holding on one Subregister to a Holding on another Subregister without any change in legal ownership.

"CONVERTIBLE FORM" means when the Participant has received all the necessary documentation such that:

(a) the registry is satisfied that the Registration Details for the Certificates, SRN or other form of Source Holding match the Registration Details for the Target Holding; and

(b) the Participant is able to initiate the Conversion message.

"CORPORATE ACTION" means:

(a) action taken by an Issuer of Financial Products for the purpose of giving an Entitlement to Holders of a class of the Issuer's Financial Products;

(b) action taken by a Principal Issuer for the purpose of giving an Entitlement in respect of Principal Financial Products held by a Depositary Nominee to Holders of CDIs; and

(c) in relation to Section 13 action taken by an issuer of Participating International Financial Products for the purposes of giving an Entitlement in respect to Participating International Financial Products, held by a Depositary Nominee.

"CS FACILITY" means a CS facility licensed as such under the Corporations Act or a Foreign Clearing House.

"CUFS" stands for CHESS Units of Foreign Financial Products and means a unit of beneficial ownership in a Financial Product of a Foreign Issuer, registered in the name of the Depositary Nominee.

"CUM ENTITLEMENT" in relation to a Transfer or a Conversion, means a Transfer or Conversion of Parent Financial Products together with the Entitlement to a Corporate Action.

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"CUM ENTITLEMENT BALANCE" means, in respect of a Corporate Action, the number of Parent Financial Products to be used by the Issuer to calculate the Entitlement of a Holder or a former Holder of Parent Financial Products.

"CUM PROCESSING" means processing of Cum Entitlement Transfers and Conversions by deducting Financial Products from or entering Financial Products into the Cum Entitlement Balance for a Holding.

"CURRENT VALUATION" means the current market valuation of Financial Products, being the last sale price for the Financial Products at the close of business on the previous Business Day, or if a higher offer price or lower bid price exists at that time, that price.

"CUSTODIAL PURPOSES" for the purposes of Rule 6.3.4 means in relation to Financial Products in a Clearing Holding, any purpose other than the purpose of facilitating:

(a) the execution of outstanding orders; or

(b) the clearing and settlement of outstanding transactions.

"DEBIT CAP" in relation to a Net Position Record for an RTGS Participant, means a facility within the Feeder System that, if activated, enables the Participant's Net Position Record to go into debit up to the Debit Limit, at any time when the relevant RTGS Payments Provider is deemed to have made the election set out in Rule 11.9.2.

"DEBIT CAP COMPLIANT" in Section 11, has the meaning given in Rule 11.20.2.

"DEBIT CAP STATUS" means at any time the status of a Debit Cap as authorised at that time by the RTGS Payments Provider for the relevant RTGS Participant, being either:

(a) active; or

(b) null (inactive).

"DEBIT LIMIT" in relation to a Debit Cap at any time, means the dollar amount:

(a) most recently notified in accordance with Rules 11.9.1(c) and 11.9.3(c); and

(b) recorded by ASTC against the Net Position Record to which that Debit Cap applies.

"DELIVERY OBLIGATION" in relation to an RTGS Instruction, means an obligation on the part of one party to deliver certain Financial Products to the other on settlement.

"DEMAND REPORT" means a Message Transmitted by ASTC to a Facility User to provide information about CHESS Holdings or CHESS Subregister movements in accordance with parameters specified by the Facility User.

"DEMAND TRANSFER" means a Transfer other than a Settlement Transfer.

"DEMAND TRANSFER SETTLEMENT" means settlement of a Batch Instruction is effected by the counterparties by Demand Transfer

"DEPOSITARY NOMINEE" means the person appointed under these Rules, being either:

(a) CHESS Depositary Nominees Pty Ltd (as long as it remains admitted to participate in CHESS under Rule 4.3.1); or

(b) a person admitted as a General Settlement Participant under Rule 4.3.1, whose function is to hold Title or Other Interest to Principal Financial Products or Participating International Financial Products.

"DERIVATIVES" means derivatives entered into on a market in a derivatives instrument that is operated by an Approved Market Operator.

"DERIVATIVES COVER" means Financial Products lodged with, or otherwise made available to, an Approved Clearing Facility as security for deposits or margins payable in relation to Derivatives transactions.

"DESPATCH" in relation to Financial Products to be entered into a CHESS Holding pursuant to a Corporate Action, means Transmit a Message to enter the Financial Products into the Holding.

"DESPATCH DATE" means the date by which an Issuer is required to have despatched Certificates (or in the case of rights, entitlement and acceptance forms in relation to those rights) or to have entered Financial Products (including rights) into Security Holders' uncertificated Holdings in accordance with Listing Rules or otherwise as determined by the relevant Approved Market Operator and notified from time to time.

"DI" stands for Depositary Interest and means a unit of beneficial ownership in a Financial Product which is not a Financial Product of a Foreign Issuer, registered in the name of the Depositary Nominee.

"DI ISSUER" means an Issuer of Financial Products quoted on ASX, a condition of the issue being that the Financial Products are held by investors in Australia in the form of DIs.

"DIRECT BATCH INSTRUCTION" means a Batch Instruction under which the obligations are effected by the counterparties directly.

"DIRECT HOLDING" means a CHESS Holding where the Holder is:

(a) the Controlling Participant; or

(b) if the Controlling Participant is an incorporated entity, a Related Body Corporate of that Participant; or

(c) if the Controlling Participant is a partnership, a nominee company provided all of its issued capital is owned by the partners.

"DISCIPLINARY REGISTER" means the register maintained by ASTC under Rule 12.6.1.

"DISCIPLINARY TRIBUNAL" means the tribunal established under Rule 12.4.

"DIVESTMENT" means action taken by an Issuer to require or effect the disposal of Financial Products.

"DUAL ENTRY BATCH INSTRUCTION" means a Batch Instruction that results from Matched Dual Entry Settlement Messages.

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"DUAL ENTRY BATCH MESSAGE" means a Message that complies with Rule 10.9.2.

"DUAL ENTRY DEMAND MESSAGE" means a Message that complies with Rule 9.5.1.

"DUAL ENTRY DEMAND TRANSFER" means a Demand Transfer of Financial Products that gives effect to a Dual Entry Demand Message.

"DUAL ENTRY PAYMENT BATCH INSTRUCTION" means a Batch Instruction that results from Matched Dual Entry Payment Batch Messages.

"DUAL ENTRY PAYMENT BATCH MESSAGE" means a Message that complies with Rule 10.9.2.

"DUAL ENTRY RTGS INSTRUCTION" means an RTGS Instruction that results from Matched Dual Entry RTGS Messages.

"DUAL ENTRY RTGS MESSAGE" means an RTGS Message that relates to a DvP RTGS Transaction.

"DUAL ENTRY SWITCH TO BATCH SETTLEMENT MESSAGE" in relation to a Dual Entry RTGS Instruction, means a Message that, in accordance with the requirements of the EIS, requests that an RTGS Instruction be removed from Real Time Gross Settlement and included in Batch Settlement under Section 10.

"DUAL ENTRY SWITCH TO RTGS MESSAGE" means a Message that, in accordance with the requirements of the EIS, requests that an Batch Instruction be removed from DvP Batch Settlement and included in Real Time Gross Settlement under Section 11.

"DvP BATCH INSTRUCTION" means a Batch Instruction to be settled in DvP Batch Settlement.

"DvP BATCH SETTLEMENT" means a component of Batch Settlement in which irrevocable payment is made through the funds transfer procedures or alternative payment arrangements specified in Rule 10.7.1 or 10.7.2 in exchange for the irrevocable Transfer of Financial Products.

"DvP DECLARATION" means the time when all the registered payment instructions in the CHESS Payments Provider User Group are simultaneously effected for the purposes of Batch Settlement.

"DvP INSTRUCTION" means:

(a) a DvP Batch Instruction; or

(b) a DvP RTGS Instruction.

"DvP NOTIFICATION" means the notification of DvP Declaration to be given by ASTC to a Payments Provider under the Standard Client Bank Deed.

"DvP REAL TIME GROSS SETTLEMENT" means a component of Real Time Gross Settlement in CHESS in which the Payment Obligation and the Delivery Obligation identified in a DvP RTGS Instruction are irrevocably and simultaneously settled in accordance with Rule 11.25.

"DvP RTGS" stands for DvP Real Time Gross Settlement.

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"DvP RTGS Instruction" means an RTGS Instruction that identifies a Payment Obligation and a Delivery Obligation.

"DvP Settlement" means:

(a) DvP Batch Settlement; or

(b) DvP Real Time Gross Settlement.

"EFFECTIVE DATE" means the date referred to in a Participant Change Notice on which the novation of a Client Agreement is deemed to have occurred.

"EIS" stands for External Interface Specification, and means a document, made by ASTC, that provides detailed information about protocols, message formats and security features for communications between Facility Users and ASTC.

"ELECTION DATE" means the date by which a person must instruct an Issuer if the person wishes to convert or exercise Financial Products in accordance with the terms of a Corporate Action.

"EMPLOYEE" includes a director, partner, employee, officer, consultant, agent, representative, advisor or an independent contractor who acts for or by arrangement with a Participant or Issuer in the conduct of its business.

"END OF DAY" means on any Trading Day, 7:00pm Sydney time or such other time as ASTC may from time to time determine.

"END OF DAY PROCESSING PHASE" means on any Trading Day, the time period after End of Day during which various scheduled processing and system administration tasks are completed (for example, financial products maintenance, corporate action processing, archiving and system backup).

"ENTITLEMENT" means a security benefit as defined in Regulation 7.5.01 of the Corporations Regulations and includes (without limitation):

(a) rights;

(b) bonus issues;

(c) dividend, interest and trust distribution payments;

(d) priority issues;

(e) offers under an equal access scheme; and

(f) in relation to Participating International Financial Products means any equivalent or similar benefit (however described) provided or offered by the issuer of the Participating International Financial Products.

"ENTITLEMENT DATE" in relation to Section 13 means, a date specified by the Depositary Nominee as the date by reference to which the Depositary Nominee will identify the persons entitled to the benefit of a Corporate Action.

"ETF APPLICATION" means the application required by an Issuer to enable new ETF Financial Products to be created and despatched to a subscriber.

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"ETF FINANCIAL PRODUCTS" means Financial Products of a registered managed investment scheme:

(a) listed on an Approved Market Operator;

(b) with power and approval to continually issue and have quoted on an Approved Market Operator, Financial Products in the scheme; and

(c) which provides for the issue of new Financial Products in return for the subscriber transferring to the scheme a portfolio of Financial Products.

"EVENT OF NON-COMPLIANCE" means an event for which Notice must be given under Rule 12.18.

"EX DATE" means the date on which the relevant Approved Market Operator changes the basis of quotation for a class of Parent Financial Products to signify that trading in that class no longer carries the entitlement.

"EX ENTITLEMENT" in relation to a Transfer or a Conversion, means a Transfer or Conversion of Parent Financial Products without the Entitlement to a Corporate Action.

"EX PERIOD" means the Period from Start of Day on the Ex Date to End of Day on the Record Date in respect of a Corporate Action.

"EXCESS FINANCIAL PRODUCTS" means:

(a) those FOR Financial Products determined by an Issuer that cause the Foreign Ownership Percentage Level to be exceeded; or

(b) with the exception of a Foreign to Foreign Allocation, those FOR Financial Products determined by an Issuer, where the Issuer is authorised to do so under its constitution or governing legislation, to have been transferred into a Holding with a Residency Indicator of "F", on the day when the Foreign Ownership Percentage Level Foreign Holder Percentage Level is exceeded.

"EXCLUDED CLASS OF FINANCIAL PRODUCTS" means a class of Financial Products declared by ASTC from time to time as a class of Financial Products that is not eligible for processing in CHESS.

"EXCLUDED CASH SUB-RECORD" means a Cash Sub-record so designated by an RTGS Participant for the purposes of Rule 11.20.

"EXEMPTION CODE" means a numeric code in the form approved by the Australian Taxation Office for the purpose of TFN exemption reporting.

"FACILITY USER" means:

(a) a Participant; or

(b) an Issuer of Approved Financial Products.

"FAIL" means the removal under the Rules of the whole or part of an Instruction from Batch Settlement or Real Time Gross Settlement, on a Business Day.

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"FDI" stands for Foreign Depositary Interest and which comprises a beneficial interest or Other Interest in a Participating International Financial Product held by a Depositary Nominee.

"FDI REGISTER" means the record of Holders of FDIs containing the information required by Rule 13.19.4.

"FDI TRANSACTION" means a transaction where on transfer of clear funds the Depositary Nominee records or removes FDIs in the FDI Register, as the case requires.

"FEEDER SYSTEM" in relation to CHESS, means collectively the systems and procedures to effect Real Time Gross Settlement utilising an electronic interface to RITS/RTGS and, when appropriate, the AIF.

"FEEDER SYSTEM QUEUE" means the facility within the Feeder System to:

(a) test RTGS Instructions within CHESS in the manner contemplated by Rules 11.18, 11.19 and 11.20; and

(b) hold and allow ASTC to monitor unsettled RTGS Instructions during the RTGS Settling Phase.

"FEES AND CHARGES SCHEDULE" means the Fees and Charges Schedule made by ASTC under Rule 1.6.

"FINANCIAL PRODUCTS" means:

(a) Division 4 financial products as defined in Regulation 7.11.03 of the Corporations Regulations; or

(b) For the purposes of Rule 8.3.2, financial products issued under an employee incentive scheme and company issued options.

"FINANCIAL PRODUCTS CODE" means the code that is assigned to a class of Approved Financial Products by an Approved Market Operator.

"FINANCIAL PRODUCTS SHORTFALL" means (the number that is greater than zero, where the number is calculated by the total number of Financial Products of a class projected to be delivered from a Holding in Scheduled Settlement on a Business Day) less the sum of the number of Financial Products of that class in that Holding at Settlement Cut-Off on that Business Day and of the total number of Financial Products of that class projected to be received into that Holding in Scheduled Settlement on that Business Day where:

SS=D -(H+R) and:

SS is the Financial Products Shortfall

D is the total number of Financial Products of a class projected to be delivered from the Holding

H is the number of Financial Products of a class in the Holding

R is the total number of Financial Products of a class projected to be received into the Holding.

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"FINANCIAL PRODUCTS TRANSFORMATION" means either:

(a) an adjustment to the Holding Balance of a CHESS Holding initiated by the Issuer because Financial Products in the Holding have:

(i) been absorbed into an existing class of Financial Products (for example, Financial Products that do not rank for a Dividend to Financial Products that do); or

(ii) been assigned a new Financial Product Code (for example, because of a Reconstruction); or

(b) in respect of Allocation Interests, an adjustment to a Holding of Allocation Interests initiated by the Issuer in order to despatch Approved Financial Products under Rule 15.27.

"FIRM ALLOCATION COMPONENT" means that part of an Offer which is reserved for clients of a Participant under an agreement between the Issuer and a Participant.

"FOR FINANCIAL PRODUCTS" means a class of Approved Financial Products included in Schedule 1, pursuant to Rule 5.18.2.

"FOREIGN CLEARING HOUSE" means a person which:

(a) has its principal place of business in a country other than Australia;

(b) is authorised to provide clearing and settlement services in the country in which it has its principal place of business; and

(c) is subject to prudential and/or other regulatory supervision in the country in which it has its principal place of business by a regulatory authority that has entered into an information sharing arrangement dealing with market matters with the Commission.

"FOREIGN CONFIRMED HOLDING NET MOVEMENT REPORT" means a report that:

(a) for the specified period; and

(b) in respect of each CHESS Holding containing Confirmed FOR Financial Products in the specified

sets out a summary on a daily basis of:

(c) total units added to the Holding pursuant to Foreign to Foreign Allocations;

(d) total units deducted from the Holding pursuant to Foreign to Foreign Allocations;

(e) total units added to the Holding of Confirmed FOR Financial Products as a result of registry authorised transactions;

(f) total units deducted from the Holding of Confirmed FOR Financial Products as a result of registry authorised transactions; and

(g) the end of day closing balance for the Holding.

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"FOREIGN ISSUER" means an Issuer whose place of incorporation does not recognise CHESS as a system that can transfer and register legal Title to Financial Products.

"FOREIGN OWNERSHIP PERCENTAGE LEVEL" means the aggregate limit of foreign ownership, pursuant to the constitution or governing legislation of an Issuer whose Financial Products are included in Schedule 1.

"FOREIGN PERSON" means, where specified pursuant to Rule 8.7.2, that the Holder has notified the Controlling Participant that the beneficial owner of the Financial Products in the Holding, for the purposes of legislation or under the constitution of an Issuer whose Financial Products are included in Schedule 1:

(a) is a foreign person;

(b) is an associate of a foreign person; or

(c) has a beneficial interest in the Financial Products, part of that beneficial interest vesting in a Foreign Person,

other than persons, associates or interests which the legislation or constitution ignores or excludes for the purposes of aggregate foreign ownership restrictions.

Note: a Residency Indicator of "F" denotes a Foreign Person

"FOREIGN REGISTER" means a register of an Issuer that is located outside Australia.

"FOREIGN FINANCIAL PRODUCTS" means financial products issued or made available by a Foreign Issuer.

"FOREIGN TO FOREIGN ALLOCATION" means a Transfer or Conversion of Confirmed FOR Financial Products, including a Transfer pursuant to a transaction effected in accordance with the ASX Business Rules, where the Residency Indicator of both the Source and Target Holdings is "F", thus resulting in a Holding of Confirmed FOR Financial Products.

"FULL DOWNLOAD" in relation to the CHESS Subregister for a class of an Issuer's Financial Products, means a Demand Report Transmitted to the Issuer of:

(a) the HINs of all Holders on the Subregister; and

(b) the Holding Balances of all Holdings; and/or

(c) the Cum Entitlement Balances for all Holdings or former Holdings.

"GENERAL SETTLEMENT PARTICIPANT" means a Participant admitted to participate in the Settlement Facility under Rule 4.3 but does not include a Recognised Market Operator under Rule 4.3.13.

"HELD BALANCE REFERENCE NUMBER" means the number allocated by an Issuer to identify a Held Balance.

"HIN" stands for Holder Identification Number and means a number used to:

(a) identify a Holder of Financial Products on the CHESS Subregister; and

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(b) link the Holding details maintained on the CHESS Subregister with the Holder's Registration Details.

"HOLDER" means:

(a) a person registered as the legal owner of Financial Products in a Holding;

(b) a person who is recorded as holding CDIs on the CDI Register;

(c) a person who is recorded on a record of Allocation Interests; or

(d) a person who is recorded as holding FDIs on the FDI Register.

"HOLDER RECORD" means the Registration Details, the HIN and the Holder Type as recorded by ASTC in CHESS for the purpose of operating one or more CHESS Holdings.

"HOLDER RECORD LOCK" means a facility that prevents Financial Products from being deducted from any current Holding to which the relevant Holder Record applies, pursuant to a Transfer or Conversion.

"HOLDER TYPE" means a code used to indicate the capacity in which a Participant:

(a) establishes a Holder Record;

(b) controls a CHESS Holding, (for example, Direct, Participant Sponsored or Clearing Account).

"HOLDING" means:

(a) a number of Financial Products of an Issuer held by a Holder on the Issuer's register;

(b) a number of CDIs held by a Holder on the CDI Register;

(c) a number of Allocation Interests recorded in respect of a Holder; or

(d) a number of FDIs recorded as held by a Holder on an FDI Register.

"HOLDING ADJUSTMENT" means a movement of Financial Products to or from a CHESS Holding that is initiated by an Issuer Transmitting a Message to ASTC to:

(a) give effect to a Corporate Action or Reconstruction in relation to a class of the Issuer's Financial Products;

(b) establish a CHESS Holding pursuant to a new issue of Approved Financial Products;

(c) move Financial Products from a CHESS Holding for the purpose of Divestment or forfeiture; or

(d) move Financial Products to or from a CHESS Holding in such other circumstances as:

(i) are permitted by these Rules; or

(ii) may be agreed between ASTC and the Issuer.

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"HOLDING BALANCE" means the number of Financial Products in a Holding.

"HOLDING LOCK" mean, in relation to a Holding on either the CHESS Subregister or an Issuer Operated Subregister, a facility that prevents Financial Products from being deducted from, or entered into, a Holding pursuant to a Transfer or Conversion.

"HOLDING NET MOVEMENT REPORT" means a report that:

(a) for the specified period: and

(b) in respect of each CHESS Holding of Financial Products in the specified class that has undergone a Holding Balance change during the specified period,

(c) sets out, a summary on a daily basis of:

(i) total units added to the Holding;

(ii) total units deducted from the Holding;

(iii) total units added to the Holding as a result of registry authorised transactions;

(iv) total units deducted from the Holding as a result of registry authorised transactions; and

(v) the End of Day closing balance for the Holding.

"INCAPACITY LAW" means a law relating to the administration of the estates of persons who, through mental or physical incapacity, are incapable of managing their affairs.

"INDUSTRY GROUP" means one of the following groups:

(a) Participants or senior officers of Participants; or

(b) senior officers of Issuers or of Issuers' Third Party Providers.

"INSTRUCTION" means a Batch Instruction or an RTGS Instruction.

"ISSUER" means a person who issues or makes available or proposes to issue or make available. Approved Financial Products and includes (without limitation):

(a) a listed company or company whose Financial Products are quoted by a market licensee or by a financial market or type of financial market exempted under section 791C of the Corporations Act;

(b) a warrant issuer;

(c) the responsible entity of a managed investment scheme;

(d) a Foreign Issuer.

"ISSUER OPERATED SUBREGISTER" means an Issuer Sponsored Subregister.

"ISSUER SPONSORED HOLDING" means a Holding of Financial Products on the Issuer Sponsored Subregister.

"ISSUER SPONSORED SUBREGISTER" means:

(a) that part of an Issuer's register that records uncertificated Holdings of Financial Products in accordance with Listing Rule 8.2; or

(b) that part of a CDI Register, that is administered by the Issuer (and not ASTC).

"ISSUER SPONSORED TO CHESS" means a Transfer or Conversion of Financial Products from an Issuer Sponsored Holding to a CHESS Holding.

"ISSUER WARRANTIES AND INDEMNITIES" means warranties and indemnities given by an Issuer under these Rules.

"LAST CORPORATE ACTION EVENT DATE" means in the case of an Entitlement under a Corporate Action that involves:

(a) the issue of Financial Products only, the Despatch Date;

(b) the payment of money only, the due date of payment; or

(c) a combination of the issue of Financial Products and the payment of money, the later of the Despatch Date and the due date of payment,

where, before the date when the Issuer must have completed its obligation to pay money or issue Financial Products is unknown or unclear the Last Corporate Action Event Date will be a date ASTC reasonably determines is appropriate in the circumstances and notifies the Issuer and each Participant.

"LISTING RULES" means the Listing Rules of an Approved Market Operator.

"LOCKED" in relation to a Holding, means subject to a Holding Lock or a Holder Record Lock.

"MAC" stands for Message Authentication Code, and means a code appended to a Message by ASTC or a Facility User for the purpose of enabling the recipient of the Message to confirm the identity of the Facility User Transmitting the Message.

"MARKET OPERATOR" means:

(a) ASX; or

(b) in the Rules made from time to time pursuant to arrangements entered into under section 798C of the Corporations Act, in relation to quoted financial products issued by ASX, "the Commission"; or

(c) in relation to:

(i) a class of financial products quoted, or to be quoted by; or

(ii) a participant of a market licensee under the Corporations Act other than ASX,

that market licensee; or

(d) the operator of a financial market or type of financial market exempted under section 791C of the Corporations Act.

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"MARKET PARTICIPANT" means a participant of an Approved Market Operator.

"MATCH AND MATCHED" in relation to Messages Transmitted to ASTC by a Participant, means that the Message contains, or under the Rules may be taken to contain, the same details for message fields that require mandatory matching.

"MATCHED MESSAGES" means:

(a) in relation to Dual Entry RTGS Messages, Messages that are Matched under Rule 11.13.3;

(b) in relation to Dual Entry Batch Messages, Messages that are Matched under Rule 9.5.2 or 10.9.3;

(c) in relation to Dual Entry Switch to Batch Settlement Messages, Messages that are Matched under Rule 11.12.3;

(d) in relation to Dual Entry Switch to RTGS Messages, Messages that are Matched under Rule 10.6.1 or 10.11.8;and

(e) in relation to Dual Entry Payment Batch Messages, Messages that are Matched under Rule 10.8.3.

and in any other case means Valid Messages that are Matched.

"MAXIMUM PERCENTAGE" means 10% or such other percentage prescribed by ASTC.

"MAXIMUM VALUE" means $350,000 or such other amount prescribed by ASTC.

"MESSAGE" means an electronic message of a kind specified in the EIS for use in CHESS.

"NET POSITION RECORD" in relation to an RTGS Participant, means a facility established within CHESS through which ASTC tracks and records the outcome of RTGS Instructions due for settlement on any RTGS Business Day, that relate to a particular Payment Facility of that Participant.

"NET POSITION RECORD STATUS" means at any time the status of a Net Position Record as authorised at that time by the RTGS Payments Provider that maintains the Payment Facility to which that Net Position Record is linked, being either:

(a) active; or

(b) inactive.

"NOMINEE COMPANY" means a body corporate controlled and operated by a Participant admitted under Rule 4.3.1 that carries on the business of holding Financial Products as a trustee or nominee.

"NOTICE" has a meaning given by Rule 1.10.

"NOTICE OF DEATH" means a death certificate or any other formal document that is acceptable by ASTC as evidence of a Holder's death.

"OFF MARKET TRANSACTION" means a transaction in Approved Financial Products that is not an On Market Transaction.

"OFFER" means:

(a) an offer for subscription or an invitation to subscribe for Financial Products, under which an Issuer must issue: or

(b) an offer under which an Issuer must dispose of,

Approved Financial Products to successful applicants.

"OFFER ACCEPTED SUBPOSITION" means a Subposition for the reservation of Financial Products in a CHESS Holding which are the subject of an acceptance under a takeover bid.

"OLD CORPORATIONS ACT" means the Corporations Act as in force immediately before 11 March 2002.

"ON MARKET TRANSACTION" means a transaction in Approved Financial Products in relation to which one of the following conditions is satisfied:

(a) the transaction was entered into in the ordinary course of trading on the Approved Market Operator's market; or

(b) the transaction is, under the ASX Business Rules or Listing Rules, described, or to be described, as 'special' when it is reported to ASX; or

(c) in relation to a transaction between a Participant and a non-Participant, a contract note is issued by the Participant in relation to a transaction under paragraph (a) or (b); or

(d) in relation to a transaction between two entities that are not Participants, the transaction is entered into solely for the purpose of facilitating settlement of a transaction of a kind referred to in paragraph (a) or (b).

"ORIGINATING MESSAGE" means a Message Transmitted to ASTC by the Controlling Participant for a CHESS Holding which (as a consequence of that Message being processed) results in ASTC or a Facility User Transmitting another Message (whether or not that consequential Message also results from the processing of any intervening Message).

"OTHER INTEREST" means any right or interest whether legal or equitable in the Participating International Financial Product and includes an option to acquire a right or interest in the Participating International Financial Product.

"PARENT BATCH INSTRUCTION" means a Batch Instruction that gives rise to an Accrued Batch Instruction as a result of a Corporate Action.

"PARENT DVP BATCH INSTRUCTION" means a Parent Batch Instruction with a Settlement Amount scheduled to settle in DvP Batch Settlement.

"PARENT DVP RTGS INSTRUCTION" means a Parent RTGS Instruction with a Settlement Amount scheduled to settle in DvP Real Time Gross Settlement.

"PARENT FINANCIAL PRODUCTS" means a class of Approved Financial Products to which an Entitlement to cash or Financial Products attaches that, during an Ex Period, may be Transferred with or without the Entitlement.

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"PARENT RTGS INSTRUCTION" means an RTGS Instruction that gives rise to an Accrued RTGS Instruction as a result of a Corporate Action.

"PARTICIPANT" means an Account Participant, a Specialist Settlement Participant, or a General Settlement Participant.

"PARTICIPANT BIDDER" means a Participant entitled or authorised (whether as the bidder or on behalf of the bidder) to receive acceptances of bids made under a takeover bid in accordance with these Rules.

"PARTICIPANT CHANGE NOTICE" means the Notice sent to a Participant Sponsored Holder which complies with the requirements of Rule 7.10.1.

"PARTICIPANT MANAGED" in relation to the attributes of a Net Position Record, means any of the matters set out in Rule 11.9.11.

"PARTICIPANT SPONSORED HOLDER" means a person that has a current Sponsorship Agreement with a Participant as required or permitted under these Rules.

"PARTICIPANT SPONSORED HOLDING" means a CHESS Holding of a Participant Sponsored Holder.

"PARTICIPANT WARRANTIES AND INDEMNITIES" means warranties and indemnities given by a Participant under these Rules.

"PARTICIPATION REQUIREMENTS" means matters set out in Section 4 in relation to which ASTC must be satisfied in order for a person to be admitted to participate in CHESS in any capacity.

"PARTICIPATING INTERNATIONAL FINANCIAL PRODUCT" means Financial Products:

(a) traded on a market other than in Australia; and

(b) approved by ASTC under Rule 13.15 from time to time.

Note: Financial Products in this definition are not restricted by jurisdictional limits in the Corporations Act.

"PARTY" in relation to a Proceeding or Appeal, means:

(a) the Facility User to whom a Contravention Notice was given in the Proceeding; or

(b) ASTC or the Facility User to or by whom an Appeal Notice was given in the Appeal.

as the case requires.

"PAYMENT BATCH INSTRUCTION" means:

(a) a CCP Derivatives Payment Batch Instruction; or

(b) a Dual Entry Payment Batch Instruction.

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"PAYMENT FACILITY" means a Facility operated for a Participant at a Payments Provider for the purposes of paying and receiving payments in Batch Settlement.

"PAYMENT OBLIGATION" in relation to an RTGS Instruction means an obligation on the part of one party to pay a cash amount to the other on settlement.

"PAYMENT SHORTFALL" for a Payment Facility, means:

(a) if the Participant's net obligation to make payment is not authorised, the amount of the net obligation for which authorisation is sought; or

(b) if the Participant's net obligation to make payment is not authorised, the difference between the amount of the net obligation to make the payment that has already been authorised by the Payments Provider and the amount of the net obligation to make a payment for which further authorisation is sought from the Payments Provider.

"PAYMENT SYSTEMS AND NETTING ACT" means the Payment Systems and Netting Act 1998 (Cth).

"PAYMENTS PROVIDER" means a person that:

(a) operates an exchange settlement account with the Reserve Bank of Australia in its own name;

(b) has the operational capacity to:

(i) authorise and make payments on behalf of Participants;

(ii) make payments to Participants; and

(iii) register entries in the Payments Provider User Group for the purpose of discharging its net obligation to make payment to the Bank or its net entitlement to receive payment from the Bank in accordance with the Standard Payments Provider Deed;

(c) meets the technical and performance requirements prescribed by ASTC to ensure that the person does not affect the integrity or orderly operation of CHESS; and

(d) is a person who facilitates Batch Settlement by approving or making payments in accordance with the terms and conditions of the relevant Standard Payment Providers Deed.

"PAYMENTS PROVIDER MANAGED" in relation to the attributes of a Net Position Record, means any of the matters set out in Rule 11.9.3(a) to (f).

"PAYMENTS PROVIDER USER GROUP" means the subsystem within the interbank payments system, operated by the Reserve Bank of Australia, established to enable financial institutions to satisfy payment obligations of CHESS Participants on behalf of CHESS Participants.

"PID" stands for participant identifier and means a UIC allocated by ASTC to a Participant that is:

(a) used as the identification code of the Participant that controls a Holding on the CHESS Subregister; and

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(b) included in a Message header to identify the source and/or destination of CHESS Data Messages.

"PRE-CASH SETTLEMENT PERIOD" means, for the purposes of Regulation 7.5.44 of the Corporations Regulations 15 Business Days.

"PRE-COMMENCEMENT TESTING" means testing at the direction of ASTC to establish whether a Facility User meets the Technical and Performance Requirements.

"PRESCRIBED PERCENTAGE" means 50% or such other percentage determined by ASTC.

"PRESCRIBED PERSON" means the person from time to time notified as such by ASTC to Participants and RTGS Payments Providers.

"PRINCIPAL" in relation to a body, means each of:

(a) any parent body of the body;

(b) each Director or person in the position of a Director;

(c) where the body consists of two or more partners or trustees, each principal (within the meaning of paragraphs (a) and (b)) of each of those partners or trustees.

"PRINCIPAL FINANCIAL PRODUCTS" means Financial Products issued or made available by a Principal Issuer.

"PRINCIPAL ISSUER" means:

(a) a Foreign Issuer; or

(b) a DI Issuer.

"PRINCIPAL REGISTER" means the register of those Holdings of Principal Financial Products maintained by a Principal Issuer in Australia under these Rules.

"PROCEDURES" means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASTC and circulated where applicable to Participants, Issuers, third party service providers and employees in accordance with Rule 1.4 and, without limitation, includes any EIS and any guidance note, practice note, Explanatory Memoranda or other information issued by ASTC to Facility Users from time to time.

"PROCEEDING" means proceedings taken under Section 12 by ASTC against a Facility User and commenced by a Contravention Notice.

"PUBLISH A NOTICE" means to publish a Notice in at least one national newspaper and at least one state or territory based newspaper in each state and territory.

"REAL TIME GROSS SETTLEMENT" means the processing and settling of payment and delivery obligations in real time and on a gross, not net, basis, the fundamental characteristic of which is that the payment and delivery components of a transaction become irrevocable at the time of settlement and, in relation to CHESS, is effected in accordance with systems and procedures contained in Section 11.

"RECIPROCAL ARRANGEMENT" means any agreement or arrangement between ASTC and any governmental agency or regulatory authority (including, without limitation, a market, clearing house or clearing and settlement facility), in Australia or elsewhere, whose functions include the regulation of trading in, or clearing and settlement of, financial products (in Australia or elsewhere) which provides for the disclosure of information between ASTC and the other party in relation to dealings in, or clearing and settlement of, financial products (in Australia or elsewhere).

"RECOGNISED MARKET OPERATOR" means a Market Operator admitted as a Participant under Rule 4.3.1 and which is recognised under Rule 4.3.13.

"RECOGNISED PHYSICAL ACCESS POINT" means:

(a) in the case of a Facility User, the physical location of an application system that the Facility User employs to operate an interface with CHESS; or

(b) in the case of ASTC, the physical location of the application system that operates CHESS.

"RECONSTRUCTION" means an alteration to the issued capital of an Issuer, which affects the number, or nature, of Financial Products held by a Holder and includes (without limitation) a reorganisation or a merger.

"RECORD DATE" means 5:00pm (or, in the case of a ASTC-Regulated Transfer, a later time permitted by the Rules) on the date specified by an Issuer as the date by reference to which the Issuer will establish Cum Entitlement Balances for the purpose of identifying the persons entitled to the benefit of a Corporate Action.

"RECORDED" in relation to an RTGS Instruction, means that its details have been stored in CHESS in accordance with Rule 11.15.

"RECORDS" means books, computer software, information processing equipment and any other item on which information is stored or recorded in any manner.

"REGISTRABLE TRANSFER DOCUMENT" means any document that an Issuer is entitled to accept as a valid instrument of transfer or a Transfer Request Document.

"REGISTRATION DETAILS" means the name, address and Residency Indicator of a Holder.

"RELATED BODY CORPORATE" has the meaning set out in Section 50 of the Corporations Act.

"RELATED PARTY" means each entity in the ASX Group.

"REMOVE" means to move a Holding between a Principal Register and a CHESS or an Issuer Operated Subregister without a change of legal ownership.

"RENOUNCEABLE RIGHTS RECORD" means the record maintained by an Issuer of Holders of renounceable rights not held on the CHESS Rights Subregister.

"REPORT" means a Standing Report or a Demand Report.

"REPORTING POINT" means a particular point during a Business Day when information is stored by CHESS for the purposes of reporting data to Facility Users; Acceptable values comprise:

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(a) end of Settlement Processing Phase;

(b) Trade Instruction Cut-Off;

(c) End of Day.

"RESERVE" in Section 11 in relation to Financial Products, has the meaning given in Rule 11.19.1(d).

"RESERVED PROCESSING PERIOD" means the End of Day Processing Phase.

"RESIDENCY INDICATOR" means a code used to indicate the status of the ultimate beneficial owner or owners of FOR Financial Products in a Holding on the CHESS Subregister or an Issuer Operated Subregister, for the purposes of settling transactions in FOR Financial Products. (i.e. "D" for Domestic, "F" for Foreign Person, and in the case of Holdings of Financial Products where beneficial ownership is both domestic and foreign, "M" for Mixed).

"RESTRICTED FINANCIAL PRODUCTS" means Financial Products that are subject to a restriction agreement under Listing Rule 9.1.

"RESTRICTION" in relation to the participation of a Participant, means any limitation on the entitlement of the Participant to send a Message or a class of Messages to ASTC.

"RIGHTS PERIOD" means the period from Start of Day on the date that rights trading begins on an Approved Market Operator to End of Day on the date that application money to take up those rights must be paid to the Issuer.

"RITS" means the Reserve Bank Information and Transfer System.

"RITS POSTSETTLEMENT ADVICE" means a settlement confirmation, elected to be received by an RTGS Payments Provider, that is generated by RITS/RTGS and sent through the AIF to that RTGS Payments Provider.

"RITS PRESETTLEMENT ADVICE" means an advice, elected to be received by an RTGS Payments Provider to enable it to make a credit decision in connection with the performance of a Payment Obligation, that is generated by RITS/RTGS and sent through the AIF to that RTGS Payments Provider.

"RITS/RTGS" means RITS, as operated by the Reserve Bank of Australia for Real Time Gross Settlement.

"RITS REGULATIONS" means the regulations and conditions of operation that govern RITS as published from time to time by the Reserve Bank of Australia.

"ROUTINE REPORTING" means electronic reporting that is generated automatically by CHESS as transactions are processed.

"RTGS" stands for Real Time Gross Settlement.

"RTGS ACCOUNT IDENTIFIER" means a numeric identifier (that may, but need not, be an account number) agreed between an RTGS Participant and an RTGS Payments Provider to uniquely identify the Participant's account that is to be debited, or credited, with the

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amount of any Payment Obligation, on settlement of an RTGS Instruction in accordance with Rule 11.25.

"RTGS ACCREDITED" in relation to a Participant, has the meaning set out in Rule 11.5.2.

"RTGS BUSINESS DAY" means a Settlement Day within the meaning of the RITS Regulations, or any other day declared by the Reserve Bank as a day on which RITS/RTGS will operate that is notified by ASTC to Participants.

"RTGS CONTINGENCY REPORT" means a report of the settlement status of CHESS-related funds transfer requests sent to RITS/RTGS that is provided to ASTC by the Reserve Bank of Australia in manner and form as agreed between them.

"RTGS CUT-OFF" means on any RTGS Business Day, 4.30pm Sydney time or such other time as ASTC may from time to time determine.

"RTGS DELIVERY SHORTFALL" in relation to Financial Products of a particular class in a Holding at any time on the RTGS Settlement Date for a particular RTGS Instruction, means that the sum of:

(a) the number of Financial Products of that class required to be delivered from that Holding in Real Time Gross Settlement under that RTGS Instruction on that day;

(b) the number of Financial Products of that class Reserved against that Holding in relation to RTGS Instructions at that time in the RTGS Settling Phase, and

(c) prior to ASTC recording under Rule 10.12.1(f)(ii) a movement of Financial Products of that class against that Holding to effect DvP Net Settlement on that day, the number of Financial Products of that class that ASTC has determined at Settlement Cut-off will be so recorded as a movement against that holding at DvP Notification on that day.

is greater than:

(d) the total number of Available Financial Products at that time in the Holding.

"RTGS ELIGIBLE" in relation to Financial Products, has the meaning set out in Rule 11.1.1.

"RTGS END OF DAY" means on any RTGS Business Day, 5.00pm Sydney time or such other time as ASTC may from time to time determine.

"RTGS INSTRUCTION" means an instruction to ASTC to settle an RTGS Transaction in Real Time Gross Settlement through the CHESS Feeder System, and includes a DvP RTGS Instruction, a CCP Gross RTGS Instruction and a Dual Entry RTGS Instruction.

"RTGS INSTRUCTION CUT-OFF" on any RTGS Business Day means 4.25pm Sydney time or such other time as ASTC may from time to time determine.

"RTGS MANDATORY" in relation to an RTGS Transaction, has the meaning set out in Rule 11.3.1.

"RTGS MESSAGE" means a Message that, in accordance with the requirements of the EIS, instructs ASTC to settle an RTGS Transaction in Real Time Gross Settlement.

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"RTGS PARTICIPANT" means a Participant:

(a) that satisfies the criteria for participation in Real Time Gross Settlement set out in Rule 11.5; and

(b) for which a Net Position Record has been established under the Rules that records the Net Position Record Status as active.

"RTGS PARTICIPATION REQUIREMENTS" in relation to a Participant, means any technical and performance requirements notified by ASTC to the Participant to ensure that it is capable of operating in Real Time Gross Settlement.

"RTGS PAYMENTS PROVIDER" means a Payments Provider that:

(a) satisfies the criteria for participation in Real Time Gross Settlement in CHESS set out in Rule 11.6.1; and

(b) has been admitted to participate in Real Time Gross Settlement in CHESS in that capacity.

"RTGS PRE-COMMENCEMENT TESTING" means testing at the direction of ASTC to establish whether a prospective RTGS Participant meets the RTGS Participation Requirements.

"RTGS SETTLEMENT DATE" means the RTGS Business Day specified, or taken to be specified, in an "RTGS Instruction as the date on which the counterparties intend that RTGS Instruction to settle in Real Time Gross Settlement.

"RTGS SETTLEMENT REPORT" means a report required to be made available by ASTC to an RTGS Payments Provider in accordance with Rule 11.30.

"RTGS SETTLING PHASE" in relation to an RTGS Instruction, means the time period that commences in accordance with Rule 11.22.1 and ends when all components of that RTGS Instruction have been settled in CHESS in accordance with Rule 11.25.

"RULES" means the operating rules of the Settlement Facility in accordance with Rule 1.2 including the appendices, schedules and any State of Emergency Rules.

"SCHEDULED TIME" means the time within or by which a requirement under these Rules must be complied with as specified in Appendix 1 to these Rules.

"SECTION" means a section of these Rules.

"SECURITY KEY" means an electronic code that is:

(a) generated by ASTC; and

(b) used to ensure secure communications between ASTC and Facility Users.

"SEGC" means Securities Exchanges Guarantee Corporation Ltd (ABN 19 008 626 793).

"SEGREGATED ACCOUNT" means an account maintained in accordance with these Rules with an Approved Clearing House which contains Principal Financial Products or Participating International Financial Products held solely on behalf of the Depositary Nominee.

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"SETTLEMENT ACCOUNT" means a Holder Record maintained in CHESS by a Participant for the purpose of facilitating settlement of transactions in Approved Financial Products with other Participants.

"SETTLEMENT ADJUSTMENT" means an adjustment to the Settlement Amount of a DvP Batch Instruction or a DvP RTGS Instruction.

"SETTLEMENT AGENT" means a General Settlement Participant that is has a Settlement Agreement with a Clearing Participant.

"SETTLEMENT AGREEMENT" means an agreement between a General Settlement Participant and a Clearing Participant under which the General Settlement Participant agrees to act as Settlement Agent for the Clearing Participant.

"SETTLEMENT AMOUNT" means the consideration for an Instruction.

"SETTLEMENT AMOUNT TOLERANCE" means $1.00 or such other amount that ASTC prescribes.

"SETTLEMENT BOND" means a bond issued to ASTC at the request of a Participant in accordance with Rule 4.9.1.

"SETTLEMENT CUT-OFF" means, on any Business Day, 10.30 am Sydney time or such other time as ASTC may from time to time determine.

"SETTLEMENT DATE" means the Business Day on which an Instruction is scheduled to settle.

"SETTLEMENT FACILITY" means the facility provided by ASTC as described in Rules 1.1.1 and 1.1.2.

"SETTLEMENT HOLDING" means a Holding of Financial Products for which the Holder Record is a Settlement Account.

"SETTLEMENT PARTICIPANT" means:

(a) a Participant that has been admitted to participate in the Settlement Facility as a General Settlement Participant; or

(b) a person that has been admitted to participate in the Settlement Facility as a Specialist Settlement Participant.

"SETTLEMENT PROCESSING PHASE" in relation to DvP Net Settlement, means, on any Business Day, the time period commencing after Settlement Cut-off during which Settlement Transfers are processed by ASTC against CHESS Holdings.

"SETTLEMENT TRANSFER" means a Transfer of Financial Products that gives effect to an Instruction.

"SINGLE ENTRY BATCH MESSAGE" means a Message that complies with Rule 10.9.11.

"SINGLE ENTRY BATCH INSTRUCTION" means a Batch Instruction that gives effect to a Single Entry Batch Message.

"SINGLE ENTRY DEMAND MESSAGE" means a Message that complies with Rule 9.4.1.

"SINGLE ENTRY DEMAND TRANSFER" means a Demand Transfer of Financial Products that gives effect to a Single Entry Demand Message.

"SOURCE HOLDING" means the Holding from which Financial Products will be deducted in giving effect to a Transfer, Conversion, Corporate Action or other transaction.

"SPECIALIST SETTLEMENT PARTICIPANT" means a Participant admitted under Rule 4.4.

"SPONSORING PARTICIPANT" means a Participant that establishes and maintains a Participant Sponsored Holding.

"SPONSORSHIP AGREEMENT" means a written agreement between the Sponsoring Participant and another person, signed by both parties, as required under Section 7 of these Rules.

"SPONSORSHIP BOND" means a bond issued to ASTC at the request of a Participant in accordance with Rule 4.9.3.

"SRN" stands for Security holder Reference Number and means a number allocated by an Issuer to identify a Holder on an Issuer Operated Subregister.

"STANDARD ACCEPTANCE FORM" means a standard entitlement and acceptance form in respect of renounceable rights as specified by ASTC from time to time.

"STANDARD CLIENT BANK DEED" means a standard deed executed by ASTC and a bank.

"STANDARD CONVERSION FORM" means a standard form, as specified by ASTC from time to time, for the conversion of convertible Financial Products.

"STANDARD EXERCISE FORM" means a standard form of notice of exercise, as specified by ASTC from time to time, for options and other Financial Products that carry exercisable rights.

"STANDARD PAYMENTS PROVIDER DEED" means a standard deed executed by ASTC and a Payments Provider and includes a Standard Client Bank Deed.

"STANDING BUY ACCOUNT IDENTIFIER" means an RTGS Account Identifier that is notified to ASTC under Rule 11.9.11 or Rule 11.9.15 for the purposes of an RTGS Instruction where the Participant will, on settlement, be the payer of the Payment Obligation identified in that RTGS Instruction.

"STANDING HIN" means a HIN that is notified to ASTC under Rule 6.4.2.

"STANDING INSTRUCTIONS" means a Holder's instructions to an Issuer in relation to matters relevant to Holdings, including (without limitation) TFN notification, Residency Indicator, direct credit of dividends or interest payments, annual report elections and elections in respect of shareholders' dividend plans.

"STANDING REPORT" means one Of a series of Messages periodically Transmitted by ASTC to a Facility User, each of which provides information about CHESS Holdings or CHESS Subregister movements in accordance with parameters specified by the Facility User.

"STANDING SELL ACCOUNT IDENTIFIER" means an RTGS Sell Account Identifier that is notified to ASTC under Rule 11.9.11 or Rule 11.9.15 for the purposes of an RTGS Instruction

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where the Participant will, on settlement, be the payee of the Payment Obligation identified in that RTGS Instruction.

"STANDING SETTLEMENT HIN" means a HIN notified to ASTC under Rule 6.4.2.

"START OF DAY" means, on any Trading Day, 8.00 am Sydney time or such other time as ASTC may from time to time determine.

"STATE OF EMERGENCY" means any of the following:

(a) fire, power failure or restriction, communication breakdown, accident, flood, embargo, boycott, labour dispute, unavailability of data processing or any other computer system or facility, act of God; or

(b) act of war (whether declared or undeclared) or an outbreak or escalation of hostilities in any region of the world which in the opinion of ASTC prevents or significantly hinders the operation of the Settlement Facility; or

(c) an act of terrorism; or

(d) other event which, in the opinion of ASTC, prevents or significantly hinders the operations of the Settlement Facility.

"STATE OF EMERGENCY RULES" means any Rules made by ASTC under Rule 1.3.

"SUBPOSITION" means a facility in CHESS by which in accordance with Rule 14.1.3:

(a) activity in relation to Financial Products held in a CHESS Holding may be restricted; and

(b) access to those Financial Products for limited purposes may be given to a Participant other than the Controlling Participant.

"SUBREGISTER" means:

(a) in the case of Financial Products other than CDIs, a CHESS Subregister or an Issuer Operated Subregister; or

(b) in the case of CDIs, a CDI Register.

"SUPER PARTICIPANT" means:

(a) in relation to a group of Participants within paragraph (a) of the definition of Super Participant Group, any Participant within that group that is notified to ASTC by all the Participants within that group; or

(b) in relation to a group of Participants within paragraph (b) of the definition of Super Participant Group, the Settlement Participant.

"SUPER PARTICIPANT GROUP" means:

(a) a group of Participants that are related bodies corporate within the meaning of section 50 of the Corporations Act; or

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(b) a Settlement Participant which has a Clearing Agreement with one or more Account Participant and each of those Account Participants with whom it has a Clearing Agreement.

"SURVEILLANCE REPORT" means a report generated by CHESS that identifies changes to:

(a) Batch Instructions notified to ASTC by an Approved Market Operator under Rule 10.9.1; and

(b) Batch Instructions that result from Matched Dual Entry Batch Messages.

(c) to assist ASTC in monitoring compliance with these Rules.

"SWITCH TO BATCH SETTLEMENT MESSAGE" means a Message that, in accordance with the requirements of the EIS, requests that an RTGS Instruction be removed from Real Time Gross Settlement in CHESS and settled in Batch Settlement.

"TAKEOVER CONSIDERATION CODE" means a unique code allocated by an Approved Market Operator in respect of each alternate form of consideration offered under a takeover.

"TAKEOVER TRANSFER" means a Transfer of Financial Products from a CHESS Holding pursuant to acceptance of an offer for the Financial Products made under a takeover scheme.

"TAKEOVER TRANSFEREE HOLDING" means a CHESS Holding to which Financial Products are to be Transferred pursuant to acceptances of offers made under a takeover bid.

"TARGET HOLDING" means the Holding into which Financial Products will be entered in giving effect to a Transfer, Conversion, Corporate Action or other transaction.

"TAX" means any present or future tax, levy, impost, duty, charge, fee, deduction, or withholding of whatever nature, levied, collected, assessed or imposed by any government or semi-government authority and any amount imposed in respect of any of the above.

"TECHNICAL AND PERFORMANCE REQUIREMENTS" means the requirements on Facility Users set out in Section 16.

"TERMS AND CONDITIONS FOR FDI CONTROLLING PARTICIPANTS" means those terms and conditions between AIS, CDN and the Controlling Participant of FDIs from time to time displayed on the ASX World Link Website.

"TFN" stands for Tax File Number and means a numeric code allocated by the Australian Taxation Office for taxation purposes.

"THIRD PARTY PROVIDER" means a person that:

(a) operates an interface with CHESS;

(b) performs any obligations of a Facility User under these Rules; or

(c) uses facilities provided by ASTC,

on behalf of a Facility User.

"TITLE" in relation to Financial Products, means:

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(a) legal title where the Financial Products can be owned at law, and

(b) equitable or beneficial title where the Financial Products can be owned only in equity.

"TOTAL SECURITY BALANCE REPORT" means a report that sets out the aggregate of all Holding Balances held on the CHESS Subregister for a class of Financial Products as at a specified point in time.

"TRADE DATE" means the date on which an agreement or arrangement for the purchase or sale of Financial Products was executed.

"TRADE INSTRUCTION CUT-OFF" means, on any Business Day, 10.30am Sydney Time or such other time as ASTC may from time to time determine.

"TRADING DAY" means a day other than:

(a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and

(b) any other day that ASTC may declare and publish is not a trading day.

"TRANSACTION IDENTIFIER" means a reference number identifying a Transfer or Conversion that is generated by a Facility User on Transmitting a Message to ASTC.

"TRANSACTION STATEMENT" means a transaction statement for an Issuer Sponsored Holding as referred to in Listing Rules 8.5, 8.6 and 8.7.

"TRANSFER" means a transfer of Financial Products, or for the purposes of Section 15, a transfer of Allocation Interests:

(a) from a CHESS Holding to any other Holding; or

(b) from any Holding to a CHESS Holding.

"TRANSFER REQUEST DOCUMENT" means a document supplied by a Settlement Participant which is not a Market Participant to an Issuer that entitles the Issuer to authorise a Transfer of Financial Products from an Issuer Sponsored Holding to a CHESS Holding.

"TRANSITION PERIOD" means the period from 11 March 2002 to 10 March 2004 or such later date as determined by the Commission.

"TRANSMIT" means cause a Message to be made available for collection in the Message collection facility provided in CHESS for Messages passing between ASTC and Facility Users.

Note: Rule 16.17 specifies when a Facility User or ASTC is taken to have Transmitted a Message.

"TRANSMUTE" means to cause:

(a) Principal Financial Products to be converted into CDIs, or CDIs to be converted into Principal Financial Products; or

(b) Participating International Financial Products to be converted into FDIs, or FDIs to be converted into Participating International Financial Products;

under these Rules, without any change in beneficial ownership.

"TRANSMUTATION RATIO" means the ratio which identifies the number or fraction of CDIs into which a Principal Financial Product may be converted, and the number or fraction of Principal Financial Products into which a CDI may be converted.

"TRIBUNAL" means the Disciplinary Tribunal or the Appeal Tribunal, as applicable.

"TRIBUNAL PANEL" means the panel established under Rule 12.10.1.

"TRUSTEE COMPANY" means a trustee company within the meaning of State or Territory Trustee Companies legislation or a Public Trustee of a State or Territory.

"UIC" stands for User Identification Code and means a unique numeric code allocated by ASTC to ASTC and each Facility User for the purpose of identifying the source and destination of Messages and which may be:

(a) the UIC of an Issuer;

(b) a PID; or

(c) such other numeric code allocated by ASTC.

"VALID" in relation to a Message, means a Message that:

(a) identifies the source of the Message in the Message header by specifying a current source UIC that is compatible with the specified AIC;

(b) correctly identifies the destination of the Message in the Message header by specifying the current UIC for the targeted Message recipient;

(c) is formatted in accordance with and contains all the mandatory data requirements specified in the EIS;

(d) has been properly authenticated, (determined by reference to the MAC); and

(e) meets CHESS encryption requirements specified in the EIS.

"WARRANTY AND INDEMNITY PROVISION" means a provision of:

(a) the Participant Warranties and Indemnities;

(b) the Issuer Warranties and Indemnities; or

(c) the ASTC Indemnity.

"WITHDRAWAL INSTRUCTIONS" means written or oral instructions from a Participant Sponsored Holder to the Controlling Participant for the withdrawal of Financial Products from a Participant Sponsored Holding and includes instructions:

(a) for the Conversion of Financial Products in a Participant Sponsored Holding to any other mode of Holding;

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(b) to initiate a change of sponsorship for the Financial Products;

(c) to endorse or initiate an off market transfer of Financial Products; or

(d) to accept a takeover offer for the Financial Products on behalf of the Participant Sponsored Holder;

(e) to accept a takeover offer for the Securities on behalf of the Participant Sponsored Holder.

Introduced 11/03/04 Origin SCH 21.13

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SUBDIVISION B -- THE MARKET'S OPERATING RULES AND PROCEDURES

793A CONTENT OF THE OPERATING RULES AND PROCEDURES

(1) The operating rules of a licensed market must deal with the matters prescribed by regulations made for the purposes of this subsection.

(2) The regulations may also prescribe matters in respect of which a licensed market must have written procedures.

(3) However, subsections (1) and (2) do not apply if the licensee is also authorised to operate the market in the foreign country in which its principal place of business is located and the licence was granted under subsection 795B(2) (overseas markets).

(4) In a subsection (3) case, ASIC may determine, by giving written notice to the licensee, matters in respect of which the licensed market must have written procedures.

793B LEGAL EFFECT OF OPERATING RULES

The operating rules (other than listing rules) of a licensed market have effect as a contract under seal:

(a) between the licensee and each participant in the market; and

(b) between a participant and each other participant;

under which each of those persons agrees to observe the operating rules to the extent that they apply to the person and to engage in conduct that the person is required by the operating rules to engage in.

793C ENFORCEMENT OF OPERATING RULES

(1) If a person who is under an obligation to comply with or enforce any of a licensed market's operating rules fails to meet that obligation, an application to the Court may be made by:

(a) ASIC; or

(b) the licensee; or

(c) the operator of a clearing and settlement facility with which the licensee has clearing and settlement arrangements; or

(d) a person aggrieved by the failure.

(2) After giving an opportunity to be heard to the applicant and the person against whom the order is sought, the Court may make an order giving directions to:

(a) the person against whom the order is sought; or

(b) if that person is a body corporate -- the directors of the body corporate;

about compliance with, or enforcement of, the operating rules.

(3) For the purposes of this section, a body corporate that is, with its acquiescence, included in the official list of a licensed market, or an associate of such a body corporate, is taken to be under an obligation to comply with the operating rules of that market to the extent to which those rules purport to apply to the body corporate or associate.

(4) For the purposes of this section, if a disclosing entity that is an undertaking to which interests in a registered scheme relate is, with the responsible entity's acquiescence, included in the official list of a licensed market, the responsible entity, or an associate of the responsible entity, is taken to be under an obligation to comply with the operating rules of that market to the extent to which those rules purport to apply to the responsible entity or associate.

(5) For the purposes of this section, if a body corporate fails to comply with or enforce provisions of the operating rules of a licensed market, a person who holds financial products of the body corporate that are able to be traded on the market is taken to be a person aggrieved by the failure.

(6) There may be other circumstances in which a person may be aggrieved by a failure for the purposes of this section.

793D CHANGING THE OPERATING RULES

Licensed markets other than subsection 795B(2) markets

(1) As soon as practicable after a change is made to the operating rules of a licensed market, other than a market licensed under subsection 795B(2) (overseas markets), the licensee must lodge with ASIC written notice of the change. The notice must:

(a) set out the text of the change; and

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(b) specify the date on which the change was made; and

(c) contain an explanation of the purpose of the change.

(2) If no notice is lodged as required by subsection (1) with ASIC within 21 days after the change is made, the change ceases to have effect at the end of that period.

Subsection 795B(2) markets

(3) As soon as practicable after a change is made to the operating rules of a market the operation of which is licensed under subsection 795B(2) (overseas markets), the licensee must lodge with ASIC written notice of the change. The notice must:

(a) set out the text of the change; and

(b) specify the date on which the change was made; and

(c) contain an explanation of the purpose of the change.

Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).

793E DISALLOWANCE OF CHANGES TO OPERATING RULES

(1) This section does not apply in respect of an Australian market licence granted under subsection 795B(2) (overseas markets).

(2) As soon as practicable after receiving a notice under section 793D from a market licensee, ASIC must send a copy of the notice to the Minister.

(3) Within 28 days after ASIC receives the notice from the licensee, the Minister may disallow all or a specified part of the change to the operating rules.

(4) In deciding whether to do so, the Minister must have regard to the consistency of the change with the licensee's obligations under this Part (including in particular the obligation mentioned in paragraph 792A(a)).

Note: The Minister must also have regard to the matters in section 798A.

(5) As soon as practicable after all or a part of a change is disallowed, ASIC must give notice of the disallowance to the licensee. The change ceases to have effect, to the extent of the disallowance, when the licensee receives the notice.

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[CO 02/311]
CHESS DEPOSITARY NOMINEES PTY LTD -- CDIS

Issued 11/3/2002

Class Order [CO 02/311] gives relief from provisions in Chapter 6D and Part 7.9 of the Corporations Act in relation to the issue of CHESS Depositary Interests (CDIs) by CHESS Depositary Nominees Pty Ltd (CDN). CDIs enable the beneficial ownership of certain foreign financial products that are quoted on Australian Stock Exchange Ltd, to be recorded and transferred electronically in the Clearing House Electronic Subregister System (CHESS) operated by ASX Settlement & Transfer Corporation Pty Ltd (ASTC). This class order revokes [CO 00/182].

Australian Securities and Investments Commission

Corporations Act 2001 -- Subsections 741(1) and 1020F(1) -- Revocation, Exemption and Declaration

1 Under subsection 741(1) of the Corporations Act 2001 (the "Act") the Australian Securities and Investments Commission ("ASIC") hereby revokes Class Order [00/182].

2 Under subsections 741(1) and 1020F(1) of the Act ASIC hereby exempts CHESS Depositary Nominees Pty Ltd ("CDN") from Parts 6D.2 and 6D.3 (other than section 736) and section 1017F of the Act in the case specified in Schedule A.

3 Under subsection 741(1) of the Act ASIC hereby declares that sections 707 and 736 and subsections 727(3) and 734(5) of the Act, and any regulations made for the purposes of those provisions, have effect in relation to the class of equitable interests mentioned in Schedule C as if interests of that class were quoted securities, and as if the reference in paragraph 736(2)(c) to "listed securities" were a reference to "quoted securities".

4 Under subsection 1020F(1) of the Act ASIC hereby exempts CDN from Part 7.9 of the Act in the case specified in Schedule B.

SCHEDULE A

An offer for the issue of equitable interests referred to in Schedule C, made by CDN in accordance with the ASTC operating rules.

SCHEDULE B

An offer for the issue of equitable interests referred to in Schedule D, made by CDN in accordance with the ASTC operating rules.

SCHEDULE C

Equitable interests in quoted foreign securities being interests issued by CDN for the purpose of

enabling beneficial ownership of the quoted foreign securities to which the interests relate, to be recorded in and transferred through CHESS, and being described in the ASTC operating rules as CHESS Depositary Interests or CDIs.

SCHEDULE D

Equitable interests in quoted foreign managed investments being interests issued by CDN for the purpose of enabling beneficial ownership of the quoted foreign managed investments to which the interests relate, to be recorded in and transferred through CHESS, and being described in the ASTC operating rules as CHESS Depositary Interests or CDIs.

INTERPRETATION

In this instrument:

"ASTC" means ASX Settlement and Transfer Corporation Pty Limited;

"ASX" means Australian Stock Exchange Limited;

"CHESS" means the Clearing House Electronic Subregister System ("CHESS") operated by ASTC;

"quoted foreign managed investments" means financial products that are:

(i) managed investment products; or

(ii) referred to in paragraph 764(1)(ba) of the Act,

that are issued by a foreign entity and quoted on the financial market operated by ASX; and

"quoted foreign securities" means securities issued by a foreign company and quoted on the financial market operated by ASX.

Dated this 11th day of March 2002

Signed by Brendan Byrne
as a delegate of the Australian Securities and Investments Commission

ASIC Digest (C) Australian Securities and Investments Commision. For the latest releases see ASIC Policy Alert
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02/0284

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

CORPORATIONS ACT 2001 - SUBSECTION 1075A(1) - DECLARATION

Pursuant to subsection 1075A(1) of the Corporations Act 2001 ("Act") and with effect from the commencement of Schedule 1 to the Financial Services Reform Act 2001, the Australian Securities and Investments Commission hereby declares that:

1. Division 4 of Part 7.11 of the Act, and any regulations made for the purposes of that Division, shall apply to the class of financial products referred to in the Schedule as if financial products of that class were Division 4 financial products within the meaning of that Division; and

2. in relation to the application of that Division to that class of financial product, that Division shall apply as if the provisions of that Division were modified or varied by:

   (a) inserting into regulation 7.11.01 the following additional definitions in alphabetical order:

   "ASTC operating rules" means the operating rules of the ASTC as amended from time to time;"; and

   ""CUFS" has the meaning given by the ASTC operating rules;"; and

   (b) inserting after regulation 7.11.27 the following regulation:

   "7.11.27A CUFS and Issuer's Constitution

   (1) Where CUFS are issued or made available in respect of a financial product admitted to quotation on a financial market:

      (a) the CUFS are held subject to the terms and conditions on which the depository nominee appointed by the issuer in relation to a class of CHESS approved foreign securities in accordance with the ASTC operating rules holds the securities to which the CUFS relate;

      (b) the holder of the CUFS is bound by the issuer's constitution as it applies to CUFS such that the

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issuer may enforce those aspects of the constitution against the holder of the CUFS; and

(c) the issuer is bound by its constitution as it applies to CUFS such that the holder of the CUFS may enforce those aspects of the constitution against the issuer.

(2) Subregulation (1) does not otherwise limit the enforcement of the terms and conditions of the securities to which the CUFS relate or the constitution of the issuer."

SCHEDULE

Equitable interests (referred to as "units") in common (or ordinary) shares of James Hardie Industries N.V. ARBN 097 829 895 (a company incorporated in The Netherlands) ("JHI NV") (such interests being CUFS as defined in the SCH business rules) issued by or on behalf of CHESS Depositary Nominees Pty Limited ABN 75 071 346 506 in respect of common (or ordinary) shares quoted on the financial market operated by Australian Stock Exchange Limited ABN 98 008 624 691 ("ASX") and issued by JHI NV, which is included in the official list of ASX, for the purpose of enabling equitable ownership of the quoted securities to which the units relate to be transferred and settled through the Clearing House Electronic Subregister System of ASX.

Dated the 7th day of March 2002

/s/ Brendan Byrne

Signed by Brendan Byrne

as a delegate of the Australian Securities and Investments Commission

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