



media release

5 October 2001

James Hardie Restructuring Update

James Hardie Industries Limited (JHIL) shareholders overwhelmingly approved the group's corporate restructuring at a Scheme Meeting held on Friday 28 September, 2001. Almost 98% of the votes were in favour of the proposal.

The group has received in principle listing approval from the Australian Stock Exchange (ASX) for its new parent company, James Hardie Industries NV (JHI NV). S&P/ASX Index Services has confirmed that the new company will have the same index weighting as JHIL at 100%.

This week, James Hardie has also received the relevant approvals from the US Securities & Exchange Commission and approval for the listing of ADRs in the USA from the New York Stock Exchange (NYSE). The group's ticker symbol will change to JHX on both the ASX and the NYSE when the listings occur.

The second and final hearing by the NSW Supreme Court to approve the Scheme is now on Monday, October 8, 2001. The effective date for the scheme will therefore be later than the indicative date of October 5, 2001 set out in the Information Memorandum, and is now expected to occur next week.

The Court is expected to consider whether proposed changes to the double tax treaty between Australia and the USA, announced last week, have implications for the approval of the restructuring.

James Hardie anticipated the possibility of changes to the treaty as it was preparing its restructuring proposal and this was outlined in the Information Memorandum and in the Independent Expert's Report. The group's view remains that changes to the tax treaty, including a reduction in withholding tax, do not alter the merits of its proposal.

Similarly the Independent Expert's Report said that the proposed restructure would still give a more favourable outcome than the current structure, even if withholding tax was reduced to zero.

The effective corporate tax rate of 25-30% that James Hardie will achieve under its new structure will not be affected by proposed changes to the treaty.

However, if the group sought to take advantage of the proposed changes to the tax treaty, its corporate tax rate would rise to between 40-50% for the next two years and to 36-37% thereafter.

Additionally, the new structure as proposed will cost James Hardie an estimated \$5-6 million to implement whereas an alternative structure that would be required to take advantage of the proposed treaty changes, would cost about \$40 million and would result in lower rather than higher after tax earnings, all other things being equal.

The Board of James Hardie remains of the view that its restructuring is in the best interests of shareholders and creates significant value for shareholders, while the available alternatives would be earnings per share negative. James Hardie will advise shareholders of the final timetable for the implementation of its restructuring next week.

End.

This document contains forward-looking statements. Forward-looking statements are subject to risks and uncertainties and, as a result, readers should not place undue reliance on such statements. The inclusion of these forward-looking statements should not be regarded as a representation that the objectives or plans described will be realised.