USA FRC Pipes

September 2002

Agenda

Background

> History
> Strategy

Market Opportunity

> US Construction Market
> Storm Sewer Market
> Concrete Pipe Market
> Opportunity

South East Strategy

Agenda

FRCP Advantages

> FRCP Product Attributes
> Competitive

Business Performance

> Sales & Marketing
> Manufacturing
> Regulatory Approval
> Competitive Response
> Florida Market

Outlook

Summary

James Hardie

A New Business

Fiber Reinforced Concrete Pipes (FRC™)

> A new business for James Hardie USA
  - Leverages core fiber cement technology
  - Diversifies exposure into US civil construction

> Successful history in Australia
  - A$33M Revenue
  - A$6.5M EBIT

> Long-term potential for a large national business

> First USA plant commissioned in April 2001 at Plant City, Florida

Strategy

Aggressively grow market for fiber cement technology and establish FRCP as an engineered alternative to traditional RCP

Short-Term

Initially focus on SE Region (100,000 ton capacity in Plant City, FL)

Long-Term

Develop a national FRC Pipes business with geographic spread of plants

US Construction Market

> US Non-Residential construction activity totaled US$152 billion in 2002

> Despite recent economic downturn, continuing growth in demand is being fueled by:

- Strong growth in public construction fueled by economic stimulus programs (e.g. Florida's US$662 million for FDOT projects in 2002)
- Housing and commercial development activity which remains strong due to low interest rates
- US$218 billon TEA-21 program has resulted in record spending on highway construction

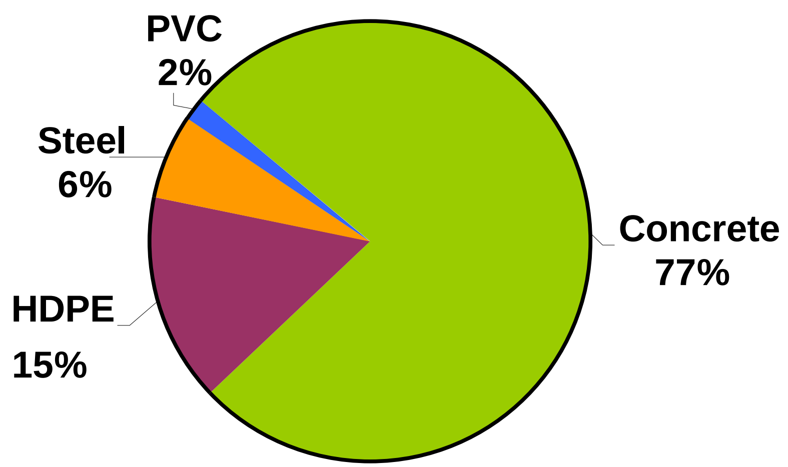
James Hardie

US Storm Drainage Market

> Storm drainage comprises 47% of large diameter pipe market

> Storm drainage pipe expenditures were US$2.7 billion in 2002

> Despite increasing use of alternative materials, concrete pipe is still majority player with 77% market share (US$ 2.2 billion)



Source : Freedonia Study 1404 & 1146

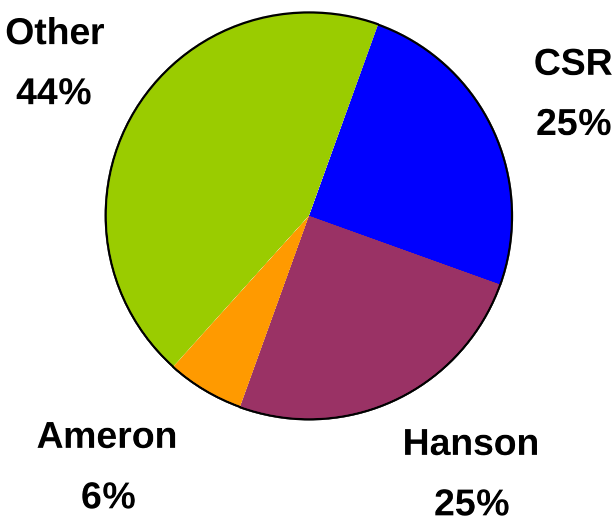
US Concrete Pipe Market

> 90% of concrete pipe market is 12”-48” diameter (US$2.0 billion)

> Industry undergoing consolidation

- Major players (CSR, Hanson, etc.) will maintain strong market positions
- Hanson acquired Choctaw for $135 million in June 2002
- Small independent, regional producers will be absorbed

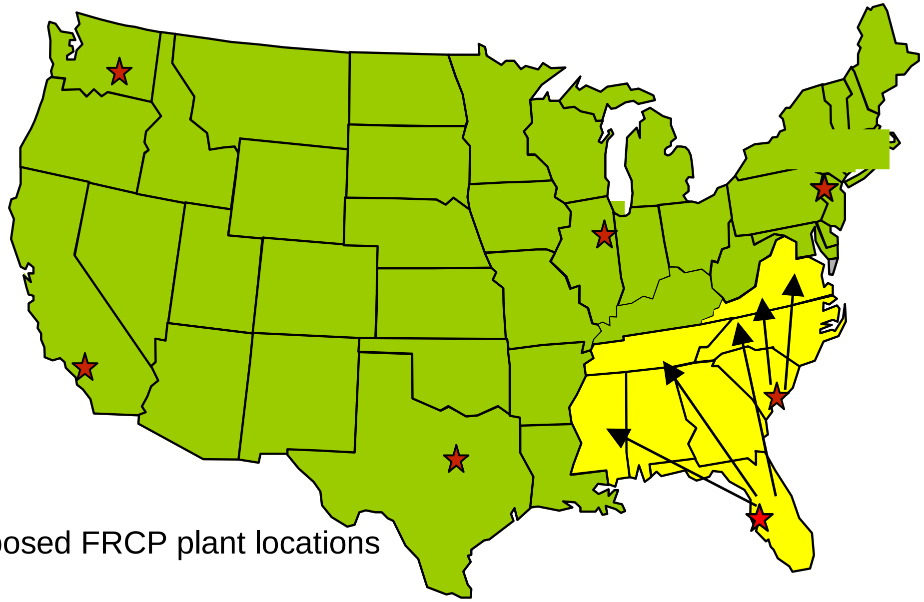
Market Share



James Hardie

Opportunity

- > 78% of market or US$1.7 billion is in core FRCP diameters (12”-36”)
- > Multiple plants can leverage synergies with flat sheet operations
- > Focus on South East Region to prove business model



Proposed FRCP plant locations

South East Region (1.5 million tons) is 19% of US RCP market in the 12”- 48” segment

- Florida – 600,000 tons
- Georgia – 265,000 tons
- Tennessee – 120,000 tons
- North Carolina – 145,000 tons

South East Strategy

> Developing market for FRCP in South East region

- Gain regulatory equivalence of FRCP to precast RCP
- Price on a parity basis to precast RCP
- Develop a loyal base of FRCP users
- Establish high throughput, low cost manufacturing
- Obtain SE DOT/AASHTO approvals to lay ground work for future expansion

FRCP Product Advantages

- > Light
  - One third the weight of concrete
  - Easier to handle and cut
- > Long
  - Twice the length = ½ the joints
  - Quicker to install = lower labor costs
  - Straighter pipelines for better flow

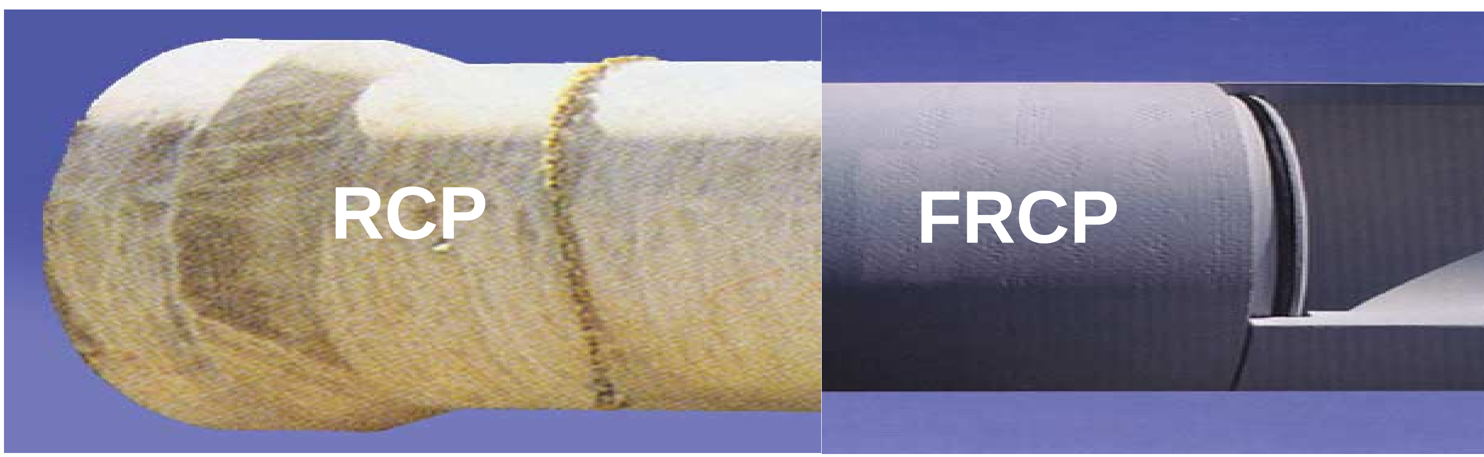
- > Strong
  - Greater in-ground strength
  - Resistant to sulfide attack
- > Machined Joints
  - Joint is truly “watertight” (5 psi +)
  - Integral bell/spigot for better grade
  - Hydraulic performance

James Hardie

Competitive Advantage

> RCP requires minimum aggregate wall cover over steel reinforcement (ASTM C76)

- RCP class I, II and III (IV and V in diameters > 18”) equal same wall thickness = over-engineered
- Precludes them from manufacturing pipes with walls thinner than class III



Less Material in Mid-Diameter Pipes Makes FRCP More Economical to Manufacture

Sales and Marketing

> Received Florida Engineering Society's Governor's New Product Award

> Product demand increasing

> Product mix expanded to 36" in May 2002

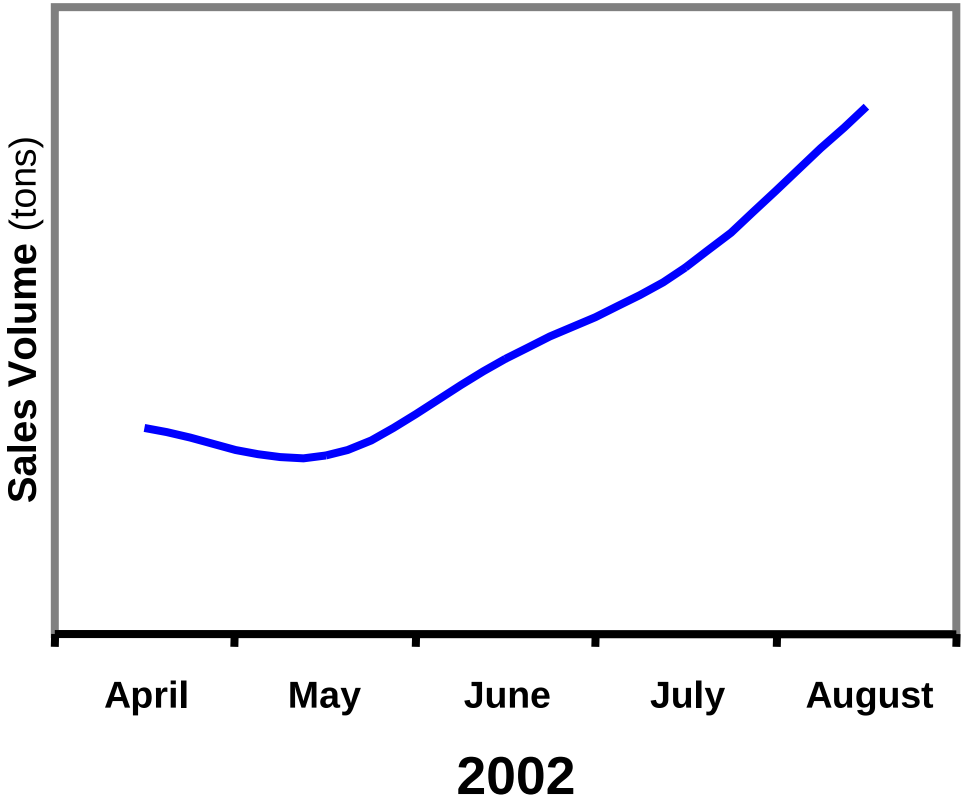
> Focusing distribution through waterworks channels

- able to bundle FRCP with sewer products

James Hardie

Sales Performance

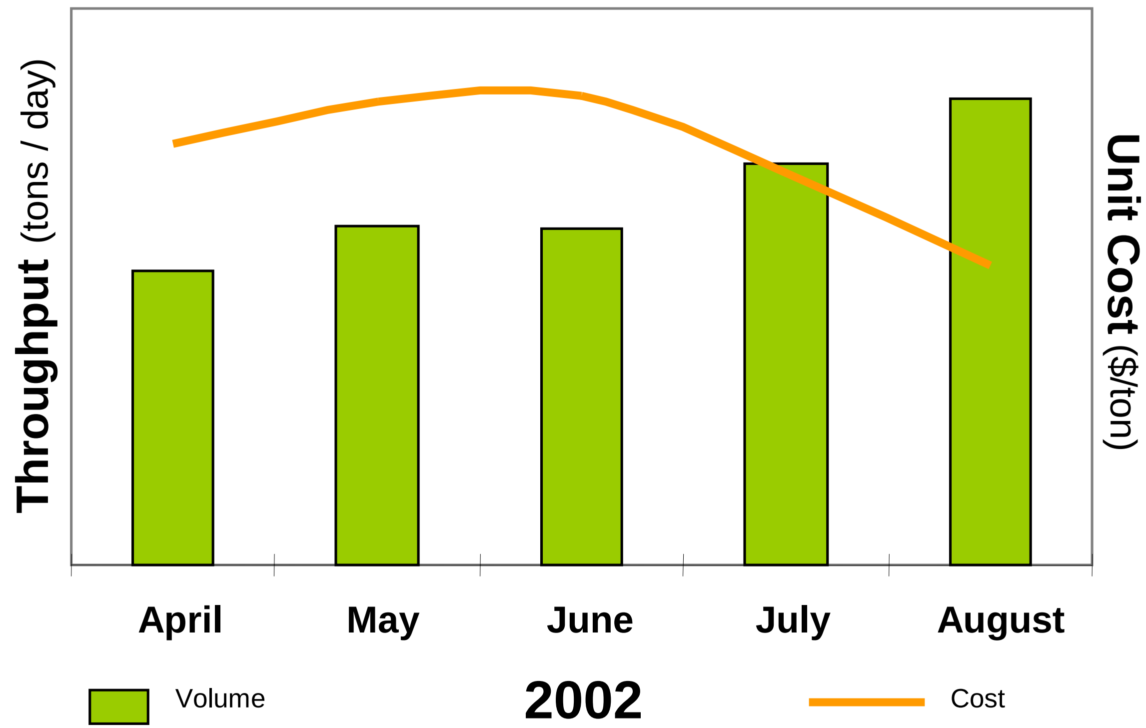
- FRCP demand has increased 287% in first 5 months of FY03
- Focusing on influential contractors and engineers
- High level of customer satisfaction and repeat business
  - Value of FRCP being recognised



Manufacturing

> Technology developed and refined to efficiently produce up to 48" diameter pipes at Plant City facility

> Unit costs are decreasing as efficiencies are increasing



Regulatory Approvals

Florida

- > FDOT equivalence to RCP awarded in July 2001
- > County approvals received in key areas
  - Now cover 80.7% of Florida's population

Other SE State DOTs

- > Application process in remaining SE states

National DOT

- > Developing technically correct AASHTO specification

Competitive Response

Aggressive and Negative Campaign

> Attacks on FRCP
  - Distribute technically incorrect information to contractors and engineers

> Lobbying regulatory bodies & trade associations
  - Negatively influence FDOT and other DOT's
  - Influence regulatory bodies, such ASTM, to burden FRCP with additional costs

Florida Market

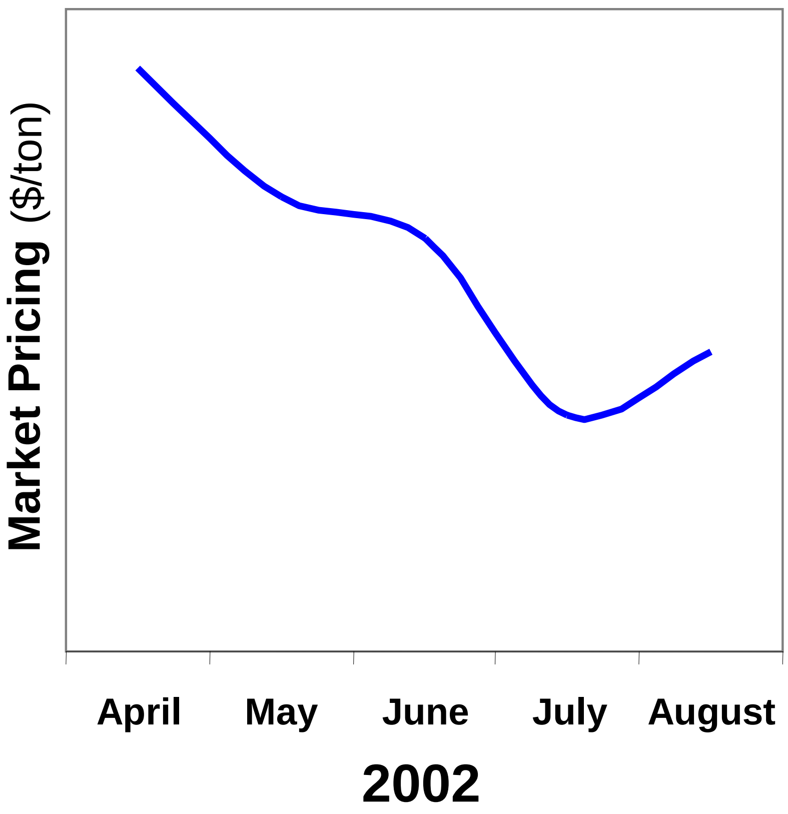
Increased Competition

> Declining market pricing

- Retaining current customers
- Putting short-term pressure on industry profitability

> Expanding customer base for FRCP

- RCP regional plants expanding shipping areas



Outlook

> FRCP is a highly advantaged technology in mid-diameters (12”-36”)

- Quicker installation provides greater value to contractors
- Low risk provides greater value to engineers / specifiers
- Lower production costs provide greater value to shareholders

> Focusing to meet strong market demand in 12”-36” diameter segment

- Approximately 78% of RCP Market

> Market penetration will continue to develop

- Initially SE Region then
- Expand nationally

James Hardie

Summary

> A new market that leverages core fiber cement technology of JH

> Start-up focusing on SE market

> Differentiated product with positive value propositions
  - Light
  - Long
  - Strong

> Advantaged over RCP in the mid-diameters (12”-36”)

Summary

- Favorable market response despite aggressive tactics by competition
- Technology developed for up to 48” diameters, but focused on maximizing potential in 12”-36” diameters
- Product and process optimized to generate industry best margins
- Market penetration will continue and FRC pipes business will be expanded nationwide

Questions?

Disclaimer

This presentation contains forward-looking statements. Words such as “will”, "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, which are further discussed in our periodic reports filed with the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. 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 contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

James Hardie

USA FRC Pipes

September 2002