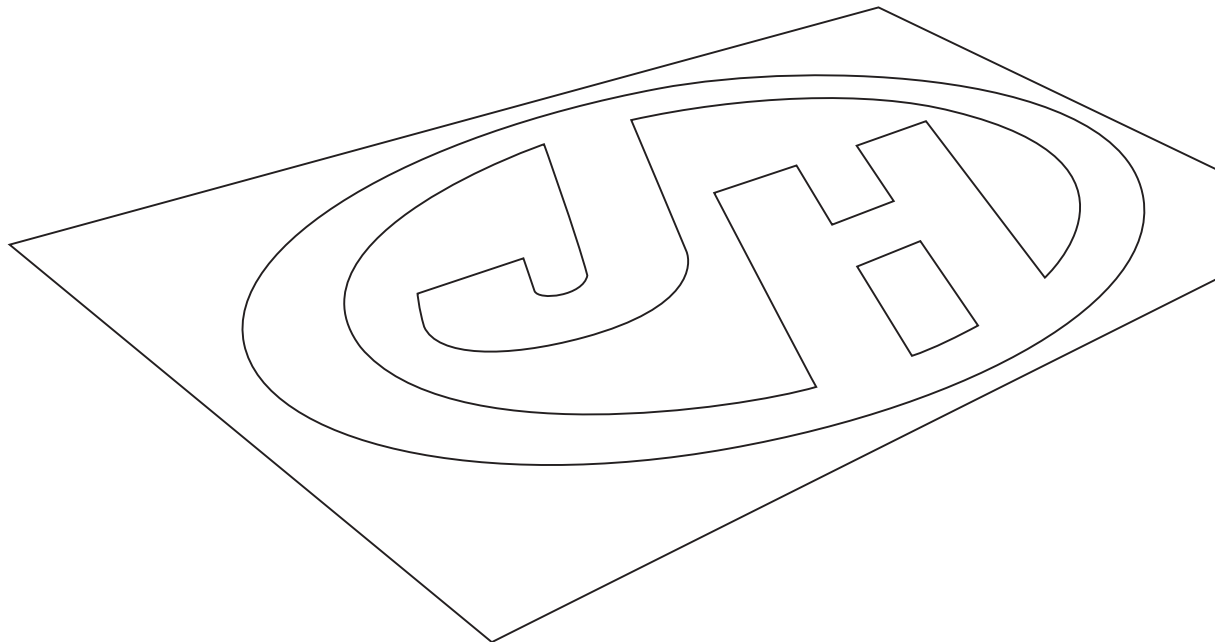


Appendix I



Terms relating to JHI NV Shares and JHI NV CUFS and principal differences between Dutch and Australian company laws



APPENDIX I – TERMS RELATING TO JHI NV SHARES AND JHI NV CUFS AND PRINCIPAL DIFFERENCES BETWEEN DUTCH AND AUSTRALIAN COMPANY LAWS

1. INTRODUCTION

On implementation of the Scheme, Shareholders, other than Prescribed Foreign Shareholders, will receive beneficial ownership of an underlying JHI NV Share, in the form of a CUFS, in exchange for each of their JHIL Shares. The use of CUFS will allow efficient trading and clearing on the ASX.

The Articles of Association have been prepared with the object of ensuring the rights attaching to JHI NV Shares are, subject to differences between Dutch and Australian law, substantially similar to the rights attaching to JHIL Shares.

Shareholders may obtain free of charge a copy of JHI NV's Articles of Association by contacting the James Hardie Information Line on the telephone numbers set out on the inside front cover of this Information Memorandum. Any calls to this line will be recorded for compliance purposes.

This Appendix I sets out the following matters:

- > Section 2 is a summary of the rights attaching to JHI NV Shares under the Articles of Association;
- > Section 3 sets out the takeovers regime which will apply to JHI NV, as set out in its Articles of Association, together with an explanation of how a holder of a least 95% of the issued shares in JHI NV may compulsorily acquire the remaining JHI NV Shares on issue. Section 3 also describes the concept of a legal merger under Dutch law, which may be used, as an alternative to a takeover, to effect an agreed merger between two Dutch companies.
- > Section 4 sets out differences between the rights attaching to JHI NV Shares and the rights attaching to JHIL Shares as a result of differences between Dutch and Australian law. This will enable JHIL Shareholders to compare their current position as shareholders in an Australian company to the position when they are shareholders in a Dutch company; and
- > Section 5 describes the specific rights and issues associated with CUFS.

Specific rights and issues in respect of ADRs are addressed in Appendix VI.

2. RIGHTS ATTACHING TO JHI NV SHARES

2.1 Introduction

Set out below is a broad summary of the rights that attach to the JHI NV Shares. It is not intended to be an exhaustive or definitive summary of the rights and obligations of JHI NV Shareholders.

2.2 Summary of Rights

(a) Share Capital

As at the Implementation Date, JHI NV will have an authorised share capital amounting to two billion Euro (EUR 2,000,000,000). This authorised share capital will be divided into two billion (2,000,000,000) shares of one Euro (EUR 1.00) each.

(b) Issue of shares – pre-emptive rights

Unless limited or excluded by JHI NV's general meeting of Shareholders or the Joint Board, as the case may be, holders of JHI NV Shares have a *pro rata* pre-emptive right to subscribe for any newly issued JHI NV Shares, except for JHI NV Shares issued for consideration other than cash, JHI NV Shares issued to employees of JHI NV or one of its group companies or JHI NV Shares issued to persons upon exercise of previously acquired rights to subscribe for such Shares.

The Joint Board has the power to limit or exclude any such pre-emptive rights of holders of JHI NV Shares if it has been granted the power to do so by JHI NV's general meeting of Shareholders and provided that it has also been authorised by JHI NV's general meeting of Shareholders to issue JHI NV Shares. Where a designation to the Joint Board is not in force, JHI NV's general meeting of Shareholders has the power to limit or exclude the JHI NV Shareholders' pre-emptive rights but only upon the proposal of the Joint Board.

Under Dutch law and the Articles of Association, the JHI NV general meeting of Shareholders has the right to issue JHI NV Shares or rights to subscribe for JHI NV Shares, unless such rights have been delegated by the JHI NV general meeting to the Joint Board for a period of up to five years.

The Joint Board will, at the time of listing of JHI NV on the ASX, be authorised to issue JHI NV Shares or rights to subscribe for such Shares up to the amount of JHI NV's authorised share capital as set out in the Articles of Association from time to time, and to limit or exclude pre-emptive rights relating thereto, for a period ending on 15 August 2006. It is anticipated that the Joint Board will exclude pre-emptive rights with respect to any and all issuances of JHI NV Shares during such period.

It should also be noted that JHI NV will still be subject to the restriction in ASX Listing Rule 7.1 which prohibits the issue, without shareholder approval, of more than 15% of the issued share capital of the company in any 12 month period.

At the expiry of the period ending on 15 August 2006, in order to renew the delegation it will be necessary for JHI NV's general meeting of Shareholders to vote in favour of a proposal put forward by the Joint Board outlining the terms and conditions under which it can issue JHI NV Shares or rights to subscribe for JHI NV Shares and limit or exclude pre-emptive rights. It is anticipated that the JHI NV's general meeting of Shareholders will be asked again to delegate the authority to issue JHI NV Shares and rights to subscribe for such Shares, and the authority to exclude or limit pre-emptive rights relating thereto, prior to the expiration of the period for which the current delegation is valid.

(c) Voting Rights

At a JHI NV general meeting of Shareholders, each Shareholder will be entitled to one vote per JHI NV Share held. Voting may be undertaken either in person or by proxy.

Unless otherwise provided by Dutch law or the Articles of Association, a resolution to be considered at a JHI NV general meeting is validly adopted by an absolute majority of votes cast in favour by the JHI NV Shareholders present or represented by proxy at a meeting at which at least 5% of JHI NV's issued and outstanding share capital is present or represented.

(d) Dividends and other distributions

Pursuant to JHI NV's Articles of Association, the power to grant dividends and other distributions is given to the Joint Board. These may be paid out of annual profits (if a dividend), general share premium or any other reserves that are available for distribution under Dutch law. Cash dividends shall be declared in US dollars, unless the Joint Board determines otherwise and may be paid in such currency or currencies as the Joint Board determines using the rate of exchange prevailing on the date fixed for payment. Any dividends payable to holders of JHI NV Shares must be paid to holders in proportion to the amounts paid on the JHI NV Shares held by them.

(e) Distribution on liquidation

In the event of a dissolution and liquidation of JHI NV, and after all liabilities of JHI NV have been settled (including those incidental to the liquidation), the balance of assets will be distributed to Shareholders so that the amount distributed to a Shareholder in respect of each JHI NV Share is proportional to the amount paid on that JHI NV Share.

(f) JHI NV general meetings

A JHI NV extraordinary general meeting of Shareholders shall be held at the request of:

- (i) JHI NV Shareholders, representing at least 5% of the issued share capital of JHI NV; or
- (ii) at least 100 JHI NV Shareholders, or one JHI NV Shareholder representing at least 100 JHI NV CUFS Holders, or any relevant combination of the foregoing so that the request of at least 100 persons is taken into account.

JHI NV general meetings will be held in The Netherlands, at Amsterdam, Haarlemmermeer (Schiphol Airport), Rotterdam or The Hague.

(g) Information Meetings

Information meetings will be held no more than 7 days prior to each JHI NV general meeting and shall be for the benefit of those Shareholders and other persons entitled to attend a JHI NV general meeting (such as JHI NV CUFS Holders) who are unable to attend a JHI NV general meeting. No voting will occur at any information meeting. However, proxy forms will be able to be deposited at an information meeting for inclusion at the subsequent JHI NV general meeting.

Information meetings will be held in Australia.

(h) Transfer of JHI NV Shares

Generally, fully paid shares in JHI NV are freely transferable, subject to formal requirements. All JHI NV Share transfers must be effected by a written instrument of transfer and in accordance with the requirements of

Dutch law. For transfers of partly paid shares, the written instrument of transfer must bear a fixed date. After a transfer of partly paid shares, the transferor and transferee shall remain jointly and severally liable to JHI NV for the amount to be paid on the shares transferred.

No stamp duty is payable in respect of transfers of JHI NV Shares or JHI NV CUFS.

(i) Amendment of Articles of Association

A resolution adopted by at least a three-quarters majority of the votes cast at a JHI NV general meeting is required to amend JHI NV's Articles of Association. Further, a complete copy of the proposed amended Articles of Association must be made freely available at the office of JHI NV (from the day of notice convening the JHI NV general meeting until the close of the JHI NV general meeting) to JHI NV Shareholders.

3. TAKEOVERS, MERGERS AND COMPULSORY ACQUISITION

3.1 Limitation on the right to hold JHI NV Shares

(a) Purpose

The purpose of the takeover provisions set out in the Articles of Association is to ensure that the Eggleston principles, which underpin the Australian Takeovers Code, are complied with if a substantial interest is acquired in JHI NV. Thus the Articles of Association state that the purposes of these provisions are to ensure that:

- (i) the acquisition of control over JHI NV Shares or JHI NV CUFS takes place in an efficient, competitive and informed market; and
- (ii) each holder of JHI NV Shares and JHI NV CUFS, and the Managing Board, Joint Board and Supervisory Board:
 - (A) know the identity of any person who proposes to acquire a substantial interest in JHI NV; and
 - (B) are given a reasonable time to consider the proposal to acquire a substantial interest in JHI NV; and
 - (C) are given enough information to enable them to assess the merits of the proposal to acquire a substantial interest in JHI NV; and
- (iii) as far as practicable, the holders of JHI NV Shares and JHI NV CUFS 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 JHI NV.

(b) Prohibition

Subject to certain exceptions (discussed below and in Section 3.1(c) in this Appendix I), the regime prohibits a person from holding JHI NV Shares if, because of an acquisition of a Relevant Interest (as defined below) by any person in that share:

- (i) the number of JHI NV Shares in which any person, (including the holder), directly or indirectly, acquires or holds a Relevant Interest (as defined below) 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

- (ii) the voting rights which any person, (including the holder), 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.

A person has a **Relevant Interest** if he or she has any interest in JHI NV Shares that causes or permits that person to:

- (i) exercise or to influence (or restrain) the exercise of voting rights on JHI NV Shares (whether through the giving of voting instructions or as a proxy or otherwise); or
- (ii) dispose or to influence (or restrain) the disposal of JHI NV Shares. For example, a person holds a Relevant Interest if the person is the legal owner of a JHI NV Share, holds a JHI NV CUFS, or holds an interest under an option agreement to acquire a JHI NV Share or a JHI NV CUFS.

A person is taken to have made an acquisition, have a holding or be entitled to vote, **indirectly**, by, through or in concert with:

- (i) one or more affiliated companies;
- (ii) a nominee or trustee; or
- (iii) another person with whom such person has entered into an agreement for the purpose of holding or acquiring a Relevant Interest.

Whether companies are considered to be affiliated is determined by a control test, being the ability to exercise directly or indirectly:

- (i) more than twenty (20%) of the voting rights in a general meeting of the company; or
- (ii) the right to dismiss or appoint more than fifty percent (50%) of the members of the company's managing or supervisory board.

Furthermore, persons who act together for the purposes of holding, acquiring or disposing interests or to circumvent the central prohibition in the Articles of Association are taken to be one person in respect of those interests.

The prohibition does not apply to CDN's holding of JHI NV shares as custodian for the JHI NV CUFS Holders but will apply to CDN where another person holds a Relevant Interest thereby constituting a breach of the provisions.

In respect of takeover bids for CUFS, see also Section 5.2(e) of this Appendix I.

(c) Exceptions to the prohibition

The exceptions to the prohibition are:

- (i) acquisitions that result from acceptance of offers under a takeover bid. See paragraph (d) below for more information about takeover bids;

- (ii) acquisitions that result from an on-market transaction if:

- (A) the acquisition is by or on behalf of the bidder under a takeover bid; and
- (B) the acquisition occurs during the bid period; and
- (C) the bid is for all JHI NV Shares or JHI NV CUFS; and
- (D) the bid is unconditional;

- (iii) acquisitions which result in a person's voting power increasing by not more than 3% in a six month period;

- (iv) acquisitions which:

- (A) are consistent with the Eggleston principles; and
- (B) conform to the takeover principles described in paragraph (d)(i) below as they apply to the acquisitions, adjusting those principles as appropriate to meet the particular circumstances of the acquisitions but without derogating from the Eggleston principles; and
- (C) have received the prior approval of the Supervisory Board;

- (v) acquisitions approved by a general meeting if:

- (A) no votes are cast in favour of the resolution by the person proposing to make the acquisition or from whom the acquisition is to be made and their associates; and
- (B) the Shareholders are given all information known to the person proposing to make the acquisition or its associates, or known to JHI NV, that was material to the decision on how to vote on the resolution.

This exception is analogous to the shareholder approval exception under s611 item 7 of the Corporations Act 2001. Note that ASIC policy in respect of s611 item 7 proposals is that the independent directors either commission an independent expert's report or undertake a detailed examination of the proposal themselves to prepare a report containing information of no lesser quality than shareholders would have received from an independent expert. Although JHI NV may decide that to satisfy the requirements of this exception, it may commission an independent expert's report, it is not expressly obliged to do so under the Articles of Association:

- (vi) acquisitions through operation of law including under a Dutch merger by law (see Section 3.3 of this Appendix I);

- (vii) acquisitions that from the acceptance of takeover offers by JHI NV for the securities of another body corporate listed on the stock market of a securities exchange, which offers are made in accordance with applicable securities law regulating the conduct of takeovers of bodies corporate of that kind, where JHI NV Shares or securities convertible into JHI NV Shares are included in the consideration for the acquisition of securities under those offers;

- (viii) acquisitions resulting from the exercise of rights of conversion attaching to securities convertible into JHI NV Shares issued in accordance with paragraph (vii); or
- (ix) acquisitions resulting from an issue under a prospectus to a person as underwriter or subunderwriter to the issue where the prospectus disclosed the effect or range of possible effects that the issue would have on the number of JHI NV Shares in which that person would have a Relevant Interest and on the voting rights of that person.

(d) Takeover Bids

A takeover bid, for these purposes, is a bid for JHI NV Shares or JHI NV CUFS that complies with the Eggleston principles (see paragraph (a) above), as well as the other takeover principles set out in the Articles of Association at all relevant times. Those takeover principles are summarised in paragraph (i) below. It does not include a bid for any other securities of JHI NV such as options.

(i) The takeover principles

Broadly, the takeover principles are as follows:

- > The offer must be for all JHI NV Shares or JHI NV CUFS (**Bid Securities**) or a specified proportion of Bid Securities. However, the proportion specified must be the same for all holders of Bid Securities.
- > All offers must be the same, although certain exceptions are allowed, for example, for different accrued dividends, the fact that some securities may remain partly paid or any additional cash amount offered in satisfaction of fractions of securities that would otherwise be offered.
- > The minimum consideration offered under the offer must equal or exceed the maximum consideration that the bidder directly or indirectly provided, or agreed to provide, for Bid Securities during the 4 months before the first day of the period of the offer.
- > During the period of the offer, the bidder must not directly or indirectly give, offer to give or agree to give any collateral benefits to induce certain shareholders to accept the offer or dispose of Bid Securities.
- > The offer must start on the date the first offer is made. It must remain open for at least 1 month but no more than 12 months. If, within the last 7 days of the period of the offer, the offers are varied to improve the consideration offered (including by offering an alternative form of consideration) or the bidder's Relevant Interest increases to more than 50% of the issued and outstanding share capital of JHI NV, the offer period must be extended for a further 14 days from the happening of that event.

- > The offer must not contain certain conditions such as a maximum acceptance condition, a discriminatory condition or a condition turning on the bidder's opinion.
- > The terms of the offer must not be varied except to improve the consideration offered (including offering an alternative form of consideration) or to extend the period of the offer. The terms of unaccepted offers must be varied in the same way. Any person who has already accepted an offer must be entitled to the improved consideration and, in the case of an addition of a new form of consideration, be entitled to make a fresh election.
- > A bidder making an unconditional offer may extend the period of the offer at any time before the end of the offer. A bidder making an offer that is still subject to conditions may only extend the offer period at least 7 days before the end of the period of the offer unless during that 7 day period another person announces a bid for Bid Securities or improves the consideration offered under another bid for Bid Securities.
- > The offers must be written and have the same date which is the first day the offer is made.
- > The bidder must at the same time as it gives its offer to holders of Bid Securities also give a document to those holders setting out all information known to the bidder that is material to the making of the decision by a holder of Bid Securities whether or not to accept the offer. This document must also be given to JHI NV and ASX at least 14 days before it is given to these holders. This document must be updated or corrected by a supplementary document if, for example, the bidder becomes aware that a statement in the document is misleading or deceptive or a new circumstance has arisen which needs to be disclosed. The bidder must give the supplementary document to JHI NV and give a copy to ASX.

(ii) Bids deemed to comply with the takeover principles

The above takeover principles (but not the Eggleston principles – see paragraph (a) above) are taken to be satisfied if a bid is made in compliance, so far as practicable, at all relevant times with the procedures for conducting off-market bids as Parts 6.4, 6.5, 6.6 and 6.8 of the Corporations Act 2001, so far as possible, applied to JHI NV in this respect and subject to:

- (A) any requirement under those provisions for a document to be lodged with ASIC being taken to be satisfied if the document is filed with ASX instead; and
- (B) any other modifications or exemptions agreed between Supervisory Board and the bidder. The Supervisory Board must act reasonably and in a timely manner in agreeing to any modifications or exemptions having regard to the Eggleston principles, the takeover principles described above, Australian case law and all published ASIC and Panel rulings, policy and guidelines.

No similar deeming provision applies for bids made in accordance with the procedures for conducting market bids under the Corporations Act 2001.

(iii) JHI NV's obligations under a takeover bid

If a takeover bid is made, JHI NV must give to the bidder, ASX and all holders of Bid Securities a document setting out all information that those persons and their professional advisers would reasonably require to make an informed assessment whether to accept the takeover bid. The document must contain this information only to the extent to which it is reasonable for investors and their professional advisers to expect to see the information in the document and only if the information is known to any members of the Joint Board.

This obligation is analogous to the obligation under the Australian Takeovers Code to prepare a target's statement. Under the Code, directors of a target are required to include an independent expert's report with a target's statement if the bidder is connected with the target, for example, if its voting power in the target is 30% or more or a director of the bidder is a director of the target. Although JHI NV may decide that, to satisfy its obligations, it may commission an independent expert's report, it is not expressly obliged to do so under the Articles of Association.

This document must be updated or corrected by a supplementary document if, for example, the bidder becomes aware that a statement in the document is misleading and deceptive or a new circumstance has arisen which would need to be disclosed. JHI NV must give the supplementary document to the bidder and give a copy to ASX. JHI NV must also, if requested, provide to the bidder the name, address and holding details of the holders of Bid Securities in a form requested by the bidder for the bidder to comply with the Eggleston principles and the takeover principles described above.

(e) Enforcement

(i) Powers to enforce

If the prohibition is breached, JHI NV has several powers available to it under the Articles of Association to enforce the breach. These include powers to require the disposal of JHI NV Shares, disregard the exercise of votes and suspend dividend rights. These powers will only extend to that number of JHI NV Shares which result in the prohibition being breached.

If these powers are exercised, JHI NV must give written notice setting out the name and holding of the JHI NV CUFS Holder whose underlying JHI NV Shares have been the subject of enforcement to CDN and the holder and CDN will be entitled to rely on this notice.

The Supervisory Board may cause the Company to exercise these powers if it has first obtained a ruling from a court of competent jurisdiction that a breach of the prohibition has occurred and is continuing. As discussed in Section 3.3(d) of Part B, such proceedings may need to be brought in the courts of the Netherlands.

Alternatively, these powers may also be exercised without having recourse to the courts if certain procedures described in paragraph (ii) below in relation to obtaining legal advice are followed. The company's right to exercise these powers by complying with these procedures must be renewed by shareholder approval every 5 years or they 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.

Neither a JHI NV Shareholder or a JHI NV CUFS Holder will have a claim against JHI NV, the members of its Managing Board, Supervisory Board or Joint Board or (in the case of a JHI NV CUFS Holder) a JHI NV Shareholder for any action taken by them in accordance with the takeovers regime (including the exercise of these powers) if the action was taken in good faith. However, see Section 3.4(e) of Part B for the risk of the Articles of Association not being enforceable against JHI NV CUFS Holders.

(ii) Procedures in relation to obtaining legal advice

The Supervisory Board may cause JHI NV to exercise the powers described above if it first obtains advice from, and acts in accordance with, the advice of a senior lawyer. The senior lawyer must either be:

- (A) a Senior or Queen's Counsel practising at the New South Wales or Victorian bar in the commercial field of at least 5 years standing as a Senior or Queen's Counsel; or
- (B) a senior partner experienced in Australian mergers and acquisitions of a major Australian commercial law firm.

The senior lawyer must be independent of (and not associated with) JHI NV and any other interested party and not have a material personal interest in the matter.

JHI NV will appoint the senior lawyer and will be responsible for paying his or her fees and expenses. However, it will be the President of the Panel who will nominate the senior lawyer. If he or she is unwilling or unable to make the nomination, the Executive Director of the Panel will make the nomination. If that person is also unwilling or unable to make the nomination, the senior lawyer will be nominated by a mediator on the Supreme Court of New South Wales list of approved mediators nominated by JHI NV.

The senior lawyer will be instructed to, amongst other things:

- (A) advise whether any breach of the prohibition described in paragraph (b) above has occurred;
- (B) have regard to the Eggleston principles, and to the extent applicable, the takeover principles described in paragraph (d), Australian case law, published ASIC and Panel rulings, policy and guidelines in relation to provisions in the Corporations Act similar in nature to the Articles in interpreting those provisions and giving this advice;

(C) in determining whether the takeover bid exception applies (see paragraphs (c)(i) and (d) above), have regard to the manner in which an off-market bid for JHI NV CUFS or JHI NV Shares would have been required to be conducted under the Corporations Act 2001 if it had applied to the company including any information that would have been provided to holders of Bid Securities in connection with that bid;

(D) give JHI NV and any person that would be aggrieved by the exercise of JHI NV's powers the opportunity, with their legal advisors, to make submissions to the advisor, prior to the advisor providing the advice;

(E) have regard to issues under Dutch law to the extent relevant to providing his or her advice and for that purpose to retain, at JHI NV's cost, an appropriately qualified expert in Dutch law; and

(F) provide his or her advice as soon as possible.

JHI NV is obliged to provide any assistance or information it may possess, which is reasonably required by the advisor to give the advice. JHI NV is responsible for paying the advisors' fees and expenses and must also indemnify the advisor for any loss or liability he or she may incur in connection with providing the advice, except as a result of his or her negligence or wilful default. The JHI NV will include any other terms and conditions in the appointment of the advisor which the nominator specifies.

While JHI NV is seeking but has not received this advice, the company can also exercise these powers (other than the power to require disposal of securities) for an interim period by giving notice in writing to the holder. This interim period commences on the date the notice is given and ends on the earlier of:

(A) 21 days after the notice has been given; and

(B) 1 business day after the legal advice referred to below has been provided to JHI NV.

(iii) Obligation to consider exercise of remedies

The Supervisory Board must consider whether to exercise these powers and take advice as to whether it should exercise those remedies if there are reasonable grounds to believe that a breach of the prohibition has occurred. For that purpose, the Supervisory Board must give proper consideration to (and include within any brief for advice) any submission that a breach has occurred from any member or any other interested person or officer of the company aggrieved by the alleged breach.

(f) If JHI NV becomes subject to a takeover law

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 ASX to determine whether, in the light of the application of such law:

(i) ASX requires amendment to the takeover regime in the 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 regime has ceased to have effect.

In either case, the Managing Board shall put to the General Meeting a proposal to amend the Articles of Association so as to make them, to the fullest extent permitted by law, consistent with the ASX Listing Rules.

(g) Tracing of beneficial interests

The Articles of Association include a provision analogous to that found in the Corporations Act 2001 that gives JHI NV the power to require the holder of a JHI NV Share or a JHI NV CUFS to give the company (or to procure any relevant person to give to the company) within two business days after receiving the notice, a statement in writing setting out:

(i) full details of a Relevant Interest and of the circumstances giving rise to that Relevant Interest;

(ii) the name and address of each other person who has a Relevant Interest together with details of the nature and extent of the Relevant Interest and the circumstances that give rise to the person's Relevant Interest; and

(iii) the name and address of each person who has given the holder or the person referred to in paragraph (ii) above instructions about the acquisition or disposal of, the exercise of any voting or other rights attached or any other matter relating to, the Relevant Interest and full details of those instructions.

A matter referred to in paragraph (ii) or (iii) need only be disclosed to the extent to which it is known to the person required to make the disclosure. These provisions will allow JHI NV to trace a chain of beneficial ownership in the company.

(h) Notification of holdings

The Corporations Act 2001 contains a substantial shareholder regime, which currently requires a person to notify JHIL and the ASX when the person (together with its associates) acquires a substantial holding of 51% or more in JHIL, as well as on any further movement of 1% or more in that holding or makes a takeover bid under the Corporations Act 2001. This regime will not apply to JHI NV, as a Dutch company, and the Articles of Association will not include an analogous notification obligation.

Holders of JHI NV Shares, JHI NV CUFS and JHI NV ADRs will, however, be subject to beneficial ownership reporting disclosure requirements under US securities laws, including the filing of beneficial ownership reports 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 beneficial ownership report with the SEC and to provide a copy of that report to the issuer of the securities and to any exchange on which the securities are listed. In the case of JHI NV, the requirement would be to file a report with the SEC, with a copy to JHI NV, the ASX and NYSE (assuming listing on those exchanges is obtained).

This filing requirement will apply to all holders of JHI NV Shares, JHI NV CUFS and JHI NV ADRs once JHI NV securities have been registered with the SEC. The number of JHI NV Shares 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 US 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 a 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.

3.2 Compulsory Acquisition

The compulsory acquisition provisions of the Corporations Act 2001 will not apply to JHI NV, as a Dutch company. However, JHI NV will be subject to the Dutch law compulsory acquisition regime.

Section 2:92a of the Dutch Civil Code (the "DCC") contains a procedure for the compulsory acquisition of shares owned by minority shareholders of a limited liability company such as JHI NV. Where a Shareholder holds for its own account at least 95% of the issued share capital of JHI NV in the form of JHI NV Shares, the shareholder may institute proceedings against the other Shareholders (the "minority shareholders") of JHI NV, in accordance with section 2:92a of the DCC, in order to compel those minority shareholders to transfer their JHI NV Shares to that Shareholder. In determining whether the 95% threshold has been reached, JHI NV Shares held by affiliates of the Shareholder are taken into account (provided those affiliates hold those JHI NV Shares for their own account).

In the case of JHI NV, a person who holds 95% or more of JHI NV CUFS on issue would, in order to seek compulsory acquisition of the JHI NV Shares held by minority shareholders, need to convert his JHI NV CUFS into JHI NV Shares and then request compulsory acquisition of the JHI NV Shares held by any other persons.

The request for compulsory acquisition may be initiated at any time after the 95% threshold has been reached.

The proceedings are instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure and any applicable treaty. The proceedings are held before the Enterprise Division of the Court of Appeals in Amsterdam, The Netherlands (the "Enterprise Division"). The Enterprise Division will either:

- (a) deny the request for compulsory acquisition, if it is established inter alia that one or more minority shareholders will incur considerable financial loss as a result of the compulsory transfer of their JHI NV Shares which would not be compensated by payment (in accordance with the price established in the manner set out below) for their JHI NV Shares; or

- (b) grant the request for compulsory acquisition by way of an order to the minority shareholders to transfer their JHI NV Shares and an order to the acquiror to pay the minority shareholders the consideration (established in the manner set out below), plus interest, upon the transfer of their JHI NV Shares to the acquiror free of encumbrances.

Regarding the establishment of the price to be paid to the minority shareholders for their shares, the Enterprise Division will either fix the price itself (if it is satisfied that the price offered by the acquiror is reasonable) or will appoint either one or three auditors to advise the Enterprise Division as to the price to be paid.

The price paid to minority shareholders is increased by the statutory interest rate applicable in The Netherlands (at present 8% per annum) for the period commencing upon a date determined by the Enterprise Division until the date of payment of the price.

The minority shareholders will only be required to transfer their JHI NV Shares, against payment of the price set by the Enterprise Division, once a final, non-appealable order has been obtained.

3.3 Merger by law

In addition to a takeover bid made in accordance with JHI NV's Articles of Association, a merger may be effected under Dutch law. Sections 2:308 to 2:334 of the DCC contain the procedure for a legal merger.

A legal merger results in the assets and liabilities of one company passing by operation of law to a surviving company. The "transferor company" effectively dissolves and ceases to exist and as a general rule its shareholders become shareholders of the surviving company. Alternatives to this general rule include where:

- > the shareholders of the transferor company receive cash as well as shares, but only in an amount up to 10 per cent of the nominal value of the shares in the surviving company allocated to the shareholders of the transferor company; or
- > instead of receiving shares of the surviving company, the shareholders of the transferor company receive shares in a group company, provided that the group company directly or indirectly holds all the shares in the acquiring company (a "triangular merger").

Dutch law requires that all parties involved in legal mergers, including triangular mergers, are Dutch. This does not, however, prevent a foreign company from participating in a legal merger, which it could do by incorporating a Dutch subsidiary which could be involved in a legal merger under Dutch law as the acquiring company. However, shareholders of the transferor company may not receive shares of the foreign parent company as that would make the foreign parent a party to the merger.

A legal merger must be approved by general meeting of shareholders of each company involved in the merger (in the case of JHI NV a 75 per cent majority would be required, the same majority as is required for an amendment of the Articles of Association), and becomes effective one day following the execution of a notarial deed.

4. COMPARISON OF DUTCH AND AUSTRALIAN LAWS IN RELATION TO SHAREHOLDER RIGHTS

4.1 Par value and share premium

Australian law has abolished the notions of par value, authorised capital and share premium accounts. Dutch law still has such concepts. As at the Implementation Date, JHI NV will have an issued share capital of EUR 450,833,632 (being approximately US\$406 million, assuming an exchange rate of US\$0.90:Euro1.0). The share premium at the Implementation Date will depend on the value of the JHIL Shares at that time and will be approximately equal to the market capitalisation of JHIL less the nominal amount of the issued share capital of JHI NV.

4.2 Dividends and other distributions

Pursuant to JHI NV's Articles of Association, the power to grant dividends and other distributions is given to the Joint Board. These may be paid out of annual profits (if a dividend), general share premium or any other reserves that are available for distribution under Dutch law. JHI NV intends to declare dividends in US dollars but these will be paid to JHI NV CUFS Holders in Australian dollars. JHI NV ADR Holders will receive any dividends in US dollars.

In respect of JHIL, the power to pay dividends and to make other distributions is given to the Board of JHIL. A dividend may only be paid out of the profits of JHIL.

4.3 Capital reductions/share buy-backs

Under Dutch law, share buy-backs are allowed only if authorised by JHI NV's general meeting of Shareholders (by simple majority). Any such authorisation may be given for a maximum term of 18 months (which authorisation is renewable) and must specify the number of shares that may be acquired, the manner in which they must be acquired and the total limits within which the price must be set. A buy-back of shares is only possible if the shares to be bought back are fully paid.

Authorisation will initially be granted to the Managing Board expiring on 15 February 2003 and which will have the following general terms: the Managing Board will be irrevocably authorised to cause JHI NV to acquire, for valuable consideration, such number of its issued shares as is determined by the Managing Board, for a price which is no more than 105% of the average closing share price of JHI NV Shares as quoted on the official list of the ASX during the 5 days prior to the day of such acquisition, provided that a higher price may be paid in respect of shares issued under the Equity Incentive Plan which are acquired from employees.

Further, Dutch law allows share buy-backs only if (i) 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 the issued share capital, plus any reserves required to be maintained by Dutch law and JHI NV's Articles of Association, and (ii) the aggregate par value of the shares which JHI NV acquires, already holds or over which it holds a right of pledge or which are held by any of its Subsidiaries does not exceed one-tenth of the issued share capital of JHI NV (all calculated in accordance with Dutch GAAP).

Pursuant to Dutch law, JHI NV may not exercise the voting rights attaching to any shares in its capital which it (or any of its subsidiaries) holds. The JHI NV Shares bought back may be sold back into the market. Accordingly, JHI NV will be able to have what is known as "treasury stock".

The Joint Board may propose that the general meeting of Shareholders resolve to reduce the issued share capital of JHI NV by cancelling shares (generally only permitted following a buy-back as referred to above) or by reducing the par value of shares by way of an amendment to JHI NV's Articles of Association, subject to compliance with the detailed procedural requirements of Dutch law aimed at protecting the interest of creditors. The resolution to cancel JHI NV Shares requires a simple majority in favour, whilst a resolution to reduce the par value will require a 75% majority.

By way of comparison, under Part 2J.1 of the Corporations Act 2001, JHIL may reduce its share capital if the reduction is fair and reasonable to the company's Shareholders as a whole, does not materially prejudice the company's ability to pay its creditors and is approved by Shareholders by the requisite majority.

In respect of share buy-backs, JHIL may buy back its own shares if the buy-back does not materially prejudice the Company's ability to pay its creditors and JHIL follows the procedures laid down Part 2J.1 of the Corporations Act 2001, including obtaining Shareholder approval from the requisite majority where the offer to buy back shares is made otherwise than on the same terms to each holder of ordinary shares or where the number of votes attaching to voting shares proposed to be bought back in any 12 month period would exceed 10% of the votes attaching to the total number of voting shares of the Company.

4.4 Issue of Shares – Pre-emptive Rights

Under Dutch law and the Articles of Association, unless limited or excluded by the Shareholders or the Joint Board, as the case may be, holders of JHI NV Shares have a *pro rata* pre-emptive right to subscribe for any newly issued shares. Furthermore, under Dutch law and the Articles of Association, the JHI NV general meeting of Shareholders has the right to issue JHI NV Shares or rights to subscribe for JHI NV Shares, unless such rights have been delegated by the JHI NV general meeting to the Joint Board for a period of up to five years. See Section 2.2(b) of this Appendix I for further details.

Under Australian law, JHIL is not, as a public company, subject to any requirement that shares issued be offered *pro rata* to existing Shareholders.

4.5 Takeover thresholds

As the statutory takeover regimes of The Netherlands and the Australian Takeovers Code will not apply to JHI NV, JHI NV's Articles of Association prescribe a takeover regime with a 20% threshold (subject to certain exceptions) which incorporates certain principles of the Australian Takeovers Code. This regime and the powers available to JHI NV to enforce compliance with the regime are set out in detail in Section 3.1 of this Appendix I.

4.6 Notification of Shareholdings

(a) Under the JHI NV Articles of Association

Under JHI NV's Articles of Association, JHI NV has the power to require its shareholders and holderShareholders and holders of JHI NV CUFS to provide (and to procure any other relevant person to provide) to it information about the identity of persons who have Relevant Interests in JHI NV Shares (including JHI NV CUFS) and the details of that interest. This regime is modelled on the tracing of beneficial ownership provisions of the Corporations Act 2001 and is described in more detail in Section 3.1(g) of this Appendix I.

(b) Under Dutch Law

In addition, under Dutch law, holders of JHI NV Shares, JHI NV CUFS or JHI NV ADRs will also be subject to notification obligations under the Act on the Supervision of the Securities Trade 1995 (the "Dutch Securities Act"). These obligations are summarised below. Investors are advised to consult their own legal advisers to determine whether the obligations will apply to them.

Under the Dutch Securities Act, certain persons must notify any transaction in JHI NV Shares, JHI NV CUFS or JHI NV ADRs or related securities to the Dutch Securities Board. Notification must be made within ten days of the end of the calendar month in which the transaction was made using a form which can be obtained from the Dutch Securities Board. The Dutch Securities Board keeps a public register of all notifications made.

Persons who must notify their transactions in JHI NV Shares, JHI NV CUFS or JHI NV ADRs or related securities include persons who directly or indirectly hold an interest in more than 25% of JHI NV's issued share capital, Managing and Supervisory Board Directors of such persons and spouses and persons running a joint household with any of the foregoing. Such persons are obliged to notify not only where they have entered into such a transaction but also where they have induced or solicited or given opportunity, assistance, means or information in respect of, or otherwise brought about, such a transaction. Non-observance of these notification obligations may result in criminal penalties (including fines and imprisonment) or administrative penalties (including fines).

In addition, holders of JHI NV Shares, JHI NV CUFS and JHI NV ADRs will be subject to the SEC's beneficial ownership disclosure requirements. These are summarised at Section 3.1(h) of this Appendix I. However, there is no obligation under the Articles of Association for a person to notify the company if it acquires a substantial interest or if its substantial interest changes.

4.7 Financial assistance for the acquisition of Shares

Under Dutch law, JHI NV may neither grant security rights, give a guarantee (whether as to the price of its shares or depositary receipts or otherwise) nor agree to be bound (whether jointly or severally) in respect of another party's obligation to subscribe for, or acquire, shares or depositary receipts (including JHI NV CUFS and JHI NV ADRs) in its share capital. In addition, JHI NV may not provide loans to persons in connection with their subscription for, or

acquisition of, shares in JHI NV's share capital (or depositary receipts, including JHI NV CUFS and JHI NV ADRs) unless the person in question is an employee of JHI NV or of one of its group companies.

Under Australian law, JHIL may assist a person to acquire shares in itself provided the giving of the assistance does not materially prejudice the interests of JHIL or its Shareholders or the ability to pay its creditors or the assistance is approved by Shareholders or falls within a prescribed exemption under the Corporations Act 2001.

4.8 Continuous disclosure

As an ASX listed entity, JHIL is required to comply with the continuous disclosure requirements of the ASX Listing Rules, which in general terms require it to disclose to the ASX any information concerning JHIL that a reasonable person would expect to have a material effect on the price or the value of JHIL Shares. JHI NV, as an ASX listed entity, will also be required to comply with this continuous disclosure regime.

In addition, JHI NV will be required to file publicly certain information with the SEC including: (i) annual reports on Form 20-F; (ii) other periodic reports on Form 6-K containing material information required to be disclosed in The Netherlands; (iii) any material information required to be filed with a stock exchange including the ASX and the NYSE; and (iv) any material information sent to security holders. Also, pursuant to NYSE listing requirements, JHI NV will be required promptly to disclose any news or information which might reasonably be expected materially to affect the market for its securities. In this regard, JHI NV will be required to act promptly to dispel any unfounded rumours which result in unusual market activity or price variations.

JHI NV is required to file all disclosures made by it with the Dutch Securities Board.

4.9 Insider trading laws

The laws of each of The Netherlands, Australia and the United States will apply to prohibit (subject to exceptions) any person in each of those jurisdictions who possesses price-sensitive information relating to JHI NV or its securities from buying or selling those securities or procuring others to do so, or from communicating the information to third parties.

JHI NV will adopt a code of conduct which its directors, officers and employees, and those of its subsidiaries, will be required to comply with and which reflects the insider trading prohibitions of each of these three jurisdictions.

4.10 General meetings

Under Dutch law, one or more holders of shares, together representing 10% or more of the issued share capital (or depositary receipts) of JHI NV can convene a general meeting. Under Australian law, a general meeting can be convened by 100 members or holders of 5% or more of the issued share capital. JHI NV's Articles of Association include a provision reflecting the Australian law threshold. Further information regarding JHI NV's general meetings is set out in Section 4.19 of Part B and Section 2.2(f) of this Appendix I.

4.11 Voting by poll at general meetings

Australian law provides that a poll may be demanded by five or more shareholders or shareholders holding at least 5% of the votes that may be cast on a resolution or by the chair of the meeting. In respect of JHI NV, and reflecting the fact that it is expected that most voting will take place by proxy, JHI NV's Articles of Association require a written poll to be held in respect of all resolutions put to the general meeting. Shareholder voting entitlements are discussed at Section 2.2(f) of this Appendix I.

4.12 Shareholder derivative actions

Under Australian law, a JHIL Shareholder may, with leave of court, bring proceedings on behalf of JHIL and in JHIL's name. In deciding whether leave should be granted, the court will take into account whether the Company itself is likely to bring the proceedings, whether the applicant is acting in good faith and whether it is in the best interests of the Company that the applicant be granted leave.

There is no equivalent right under Dutch law.

4.13 Oppressive conduct

Under Australian law, JHIL Shareholders can apply to the court for an order in relation to JHIL where an act or omission of the Company or the conduct of its affairs is contrary to the interests of its Shareholders as a whole or oppressive, unfairly prejudicial to or discriminatory against a Shareholder or Shareholders. Under Dutch law, a shareholder may bring an action alleging oppressive or prejudicial conduct against a company and those involved in its organisation, including its managing, supervisory and other boards and including an action for annulment of any relevant decision taken by such company's board on the basis that the principles of reasonableness and fairness have not been adhered to, as well as an action against the company alone if the conduct in question qualifies as a tortious act.

Under Dutch law, shareholders may also request the Enterprise Division to appoint a person or persons to investigate a company's policy and course of business, provided the petitioning party has first informed the company of its objections and allowed the company a reasonable period to take appropriate action. The Enterprise Division will only grant the request if there appear to be well founded reasons to doubt the correctness of the company's policy. If the resulting investigating report finds mismanagement, the Enterprise Division may take measures against the company, including the nullification of any resolutions of any board or the meeting of shareholders, the suspension or dismissal of Directors and the winding up of the company.

Further, in Australia the Corporations Act 2001 provides that where a person (which may include a company) engages or proposes to engage in conduct that constitutes a contravention of that Act, a court may, on the application of a person whose interests are or would be affected by the conduct (which could include a shareholder), grant an injunction restraining the first-mentioned person from engaging in the conduct. Dutch law does not contain a specific equivalent to this provision, but shareholders will be entitled to seek redress in the courts for any breach by the company of which they are a shareholder of the terms of its articles of association or of Dutch law. However, see Part B,

Section 3.4(e) and Appendix I, Section 3.1(e) on the limitation on a JHI NV Shareholder's and a JHI NV CUFS Holder's right to make a claim against JHI NV in certain circumstances.

4.14 Amendments to the Articles of Association

Dutch law provides that the articles of association of a company can be amended by resolution of a simple majority of members at a general meeting unless the articles of association specify that a greater majority is required. Under Australian law, a 75% majority is required to amend a company's articles of association. JHI NV's Articles of Association reflect this higher Australian standard. See Section 2.2(i) of this Appendix I for further information.

4.15 Directors' duties

Under Dutch law, each member of the Managing Board, Supervisory Board and Joint Board will be responsible to JHI NV for the proper performance of his or her duties.

Directors of Dutch companies are required to act in accordance with the principles of reasonableness and fairness under Dutch law. A managing board's duty of care, derived from statute, is to perform properly its management tasks. Members of a managing board perform their tasks properly as long as they act in accordance with what could reasonably be expected of them in the circumstances.

A managing board is required to take into account not only the interests of shareholders but also the interests of the company, its business and all persons involved in the organisation of the company (including, in particular, the employees of the company and its subsidiaries).

Supervisory board directors are similarly required to act in accordance with the principles of reasonableness and fairness, and to take into account the same interests as managing board directors (see above).

A breach of duties by a member of the Managing Board, Supervisory Board or Joint Board can, under certain circumstances, cause that person to be subject to an action and held personally liable. Such action can be commenced by (i) any person who suffers due to a tortious act of the Director, (ii) JHI NV if the Director has failed to properly perform his or her duties and such Director has been negligent in the taking of measures to prevent the consequences of such failure or (iii) by JHI NV's official receiver upon insolvency for any deficit in JHI NV's estate (if it can be shown that the Managing Board, Supervisory Board or Joint Board has manifestly improperly performed its duties and that this was an important contributing factor to the insolvency of JHI NV).

Australian law requires Directors of JHIL to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person in the Director's position would exercise, and to do so in good faith in the best interests of the company and for a proper purpose. Where a Director breaches this fiduciary duty, he or she may be subject to action by the company (or by a shareholder on behalf of the company – see Section 4.12 above) to recover the loss or damage caused, to prevent a prospective breach, compel restoration or for some other order as determined by a Court.

4.16 Removal of Directors

Under both Australian and Dutch law, the Directors may be removed from office by a resolution of the general meeting of shareholders passed by simple majority.

4.17 Retirement benefits

Under Australian law, the approval of shareholders is required for any benefit a company proposes to give to a person in connection with that person's retirement from a board or managerial office, where the value of that benefit exceeds an amount determined according to a formula prescribed under the law.

Under the Articles of Association, the remuneration (including retirement benefits) of Managing and Supervisory Directors is determined by the Joint Board, save that, in the case of the remuneration of Supervisory Directors, JHI NV will be required under the ASX Listing Rules to ensure that this does not exceed in aggregate a maximum sum that is from time to time approved by resolution of JHI NV's general meeting of Shareholders.

4.18 Conflicts of Interest

Under Dutch law, the articles of association of a company may provide that managing board members are not prohibited from acting on behalf of that company in respect of transactions where they have an actual or potential conflict of interest (unless the general meeting of shareholders has designated a person to act in case of such a conflict of interest) and they are entitled to attend and vote on any resolution put to at a meeting of the managing board in respect of such a transaction.

Under Australian law, a director of a public company such as JHIL must, save in certain circumstances, disclose to the other directors any material personal interest he or she has in relation to a matter that relates to the affairs of the company. Unlike the Dutch law position, under Australian law, in certain cases, the director must not vote on the matter or be present while the matter is being considered, unless those directors without any interest in the matter pass a resolution allowing the director to participate.

JHI NV's Articles of Association contain an article which reflects (to the fullest extent permitted by Dutch law) the regime under Australian law relating to voting and attending meetings. Managing Board members are, however, authorised to represent JHI NV when dealing with third parties until the general meeting of Shareholders decides otherwise.

4.19 Ultra vires transactions

Under Dutch law, a transaction entered into by JHI NV which is outside the scope of its objects as set out in its Articles of Association, or which is not in its corporate interest, may be nullified by JHI NV (or its receiver in bankruptcy) if the other parties to the transaction knew or should have known that the transaction was outside the scope of its objects or was not in JHI NV's corporate interest.

Under Australian law, a company has the legal capacity and powers of both an individual and a body corporate. As such, in practical terms an Australian company contracting with a person will not be able to assert that the company is not bound because it lacked corporate power to enter into the contract.

4.20 Related party benefits

Under Australian law, financial benefits may not be given to related parties of public companies without shareholder approval (subject to certain exceptions). Examples of the giving of a financial benefit include giving or providing finance or property to the related party or buying an asset from or selling an asset to the related party. Related parties of a public company include an entity that controls it and the Directors of both the company and the entity (as well as spouses, parents and children of those Directors).

Whilst Dutch law does not contain a specific regime in respect of related party transactions, a legal act, the purpose of which is to provide a benefit to the company's founders or to a third party involved in the company's incorporation, must be disclosed and included in the company's deed of incorporation. After the company's incorporation, such an act would require prior shareholder approval unless the company's articles of association permit its managing board to carry out such acts without prior shareholder approval. JHI NV's Articles of Association do not provide this permission. Also, acts of a company in connection with the acquisition of assets belonging, at any time within one year prior to the company's incorporation, to any of the company's founders, which acts are carried out prior to the lapse of a two year period after the registration of the company with the trade register, require shareholder approval (and the production of a managing board report and auditor's statement on the valuation of, and valuation methodology used in respect of, the assets).

4.21 Corporate records and registers

Under both Dutch and Australian law, shareholders are entitled to inspect the register of shareholders of a company. Under Australian law, shareholders are also entitled to inspect the minute books of the company relating to general meetings, and to inspect the company's registers of option holders and debenture holders (if any). This is not the case under Dutch law.

Under Australian law, a member also may seek a court order granting access to the corporate records of the company (including financial records and other documents). Before it will grant such an order, the court will want to be satisfied that the applicant is acting in good faith and for a proper purpose.

5. DESCRIPTION OF CHESS UNITS OF FOREIGN SECURITIES (CUFS)

5.1 Introduction

CUFS are units of beneficial ownership in foreign securities, legal title to the securities being held by an Australian depositary entity, CDN, a subsidiary of the ASX.

Each JHI NV CUFS Holder will receive a holding statement which sets out the number of JHI NV CUFS held by it and the reference number of the holding. These holding statements will be provided to holders when a holding is first established and if there is a change in their holding of JHI NV CUFS.

A summary of the rights and entitlements of JHI NV CUFS Holders is shown below. Further information about CUFS is available from the JHI NV Share Registry, CHESS or any stockbroker.

5.2 Summary Rights and Entitlements

(a) Number of CUFS issued in relation to JHI NV Shares

Each Shareholder, other than residents located outside Australia, New Zealand, the United Kingdom and the United States, will receive one JHI NV CUFS for every JHIL Share which they hold at the Scheme Record Date. Each JHI NV CUFS will represent one underlying JHI NV Share.

Under section 3A of the SCH Business Rules, once JHI NV Shares are issued by JHI NV pursuant to the Scheme and are approved for quotation, JHI NV is obliged to make JHI NV CUFS available to each person who is entitled to receive JHI NV CUFS under the Scheme.

For a description of the position of US residents holding JHIL ADRs, please refer to Appendix VI.

(b) Voting

If JHI NV CUFS Holders wish to attend, address and vote at JHI NV general meetings in The Netherlands, they will be able to do so. In order to vote, JHI NV CUFS Holders have the following options:

- > instructing CDN, as legal owner of the JHI NV Shares, to vote the JHI NV Shares represented by their JHI NV CUFS in a particular manner – the instruction form must be completed and returned to the JHI NV Share Registry prior to the meeting; or
- > converting their JHI NV CUFS into a holding of JHI NV Shares and voting these at the meeting (however, if thereafter they wished to sell their investment on the ASX, it would be necessary first to convert those JHI NV Shares back to JHI NV CUFS) – this must be undertaken prior to the meeting. Section 5.2(c) below provides further detail in respect of the conversion process.

Proxy forms and details of these alternatives will be included in each notice of meeting sent to JHI NV CUFS Holders by JHI NV.

(c) Converting from a CUFS holding to a certified holding of JHI NV Shares

JHI NV CUFS Holders may at any time convert their CUFS holding to a holding of JHI NV Shares by:

- > in the case of issuer-sponsored CUFS, notifying the JHI NV Share Registry; or

- > in the case of CUFS sponsored on the CHESS sub-register, notifying their CHESS participant.

In both cases, once the JHI NV Share Registry has been notified, it will transfer the relevant number of JHI NV Shares from the depositary nominee, CDN, into the name of the holder. Transfers of JHI NV Shares must be recorded in a written instrument signed by the transferor and transferee. The transfer will have effect, if JHI NV is a party to the deed, when the deed of transfer is executed and, otherwise, when the deed of transfer is served upon JHI NV or when the transaction is otherwise acknowledged by JHI NV. The JHI NV Share Registry will then issue a certificate to the holder.

The need to have a written instrument in order to effect a conversion from JHI NV CUFS into JHI NV Shares means that conversion may take longer to effect than a simple trade of JHI NV CUFS on the ASX.

Holding JHI NV Shares will, however, prevent a person from selling their shares on the ASX, as only JHI NV CUFS will be traded on the ASX.

A conversion of JHI NV CUFS into JHI NV Shares does not give rise to any Australian capital gains tax liability for the JHI NV CUFS Holder, as there is no change in beneficial ownership.

(d) Dividends and other Shareholder entitlements

The Securities Clearing House ("SCH") Business Rules have force by virtue of the Corporations Act 2001 and require JHI NV to treat JHI NV CUFS Holders, in respect of dividends and other entitlements, as if they were the holders of the underlying JHI NV Shares.

The SCH Business Rules ensure that JHI NV CUFS Holders have all the direct economic benefits of legal ownership (such as the right to receive the same dividends, rights issues and bonus issues) to which direct holders of JHI NV Shares are entitled. If a cash dividend or any other cash distribution is declared in a currency other than Australian dollars, the JHI NV Share Registry (acting as CDN's agent) will convert the dividend or other cash distribution into Australian dollars and then distribute this to JHI NV CUFS Holders in accordance with each JHI NV CUFS Holder's entitlement. This will not apply, however, to dividends payable on CUFS which underlie JHI NV ADRs. These will be paid directly to The Bank of New York in US dollars for distribution to holders of JHI NV ADRs.

(e) Takeovers

If a takeover bid is made in respect of any of the JHI NV Shares of which CDN is the registered holder, CDN is prohibited from accepting the offer made under the takeover bid except to the extent that acceptance is authorised by the JHI NV CUFS Holders in accordance with the SCH Business Rules.

Although it may be possible to make a takeover bid in respect of JHI NV CUFS alone, it is expected that a potential bidder would be more likely to make an offer in respect of JHI NV Shares rather than JHI NV CUFS, since an offer for JHI NV CUFS alone will not apply to any JHI NV Shares held by persons who had previously converted their JHI NV CUFS into a direct holding of JHI NV Shares.

(f) Other rights

As JHI NV CUFS Holders will not appear on the JHI NV Register as legal holders of JHI NV Shares, any other right conferred on JHI NV Shareholders may be exercised by JHI NV CUFS Holders by means of them instructing CDN.

JHI NV CUFS Holders will be provided with the right in the Articles of Association to attend and speak at all JHI NV information and general meetings. JHI NV ADR Holders will also be provided with the same right. As to the right to vote at JHI NV general meetings, see Section 5.2(b) above in respect of JHI NV CUFS Holders and Section 3.2(c) of Appendix VI in respect of JHI NV ADR Holders.

(g) Fees

A JHI NV CUFS Holder will not incur any additional fees or charges as a result of holding CUFS rather than shares, whether as a result of the implementation of the Proposal or in the future.

(h) Local and international trading in CUFS

JHI NV CUFS Holders who wish to trade in JHI NV Shares will be transferring beneficial title rather than legal title. The transfer will be settled electronically by delivery of the relevant JHI NV CUFS holding through CHESS, thereby avoiding the need to effect settlement by the physical delivery of certificates.

The mechanics for trading in shares which are represented by CUFS are no different to trading in other CHESS approved securities, including JHIL Shares. More information on trading CUFS electronically on the ASX is available from the ASX and stockbrokers.
