

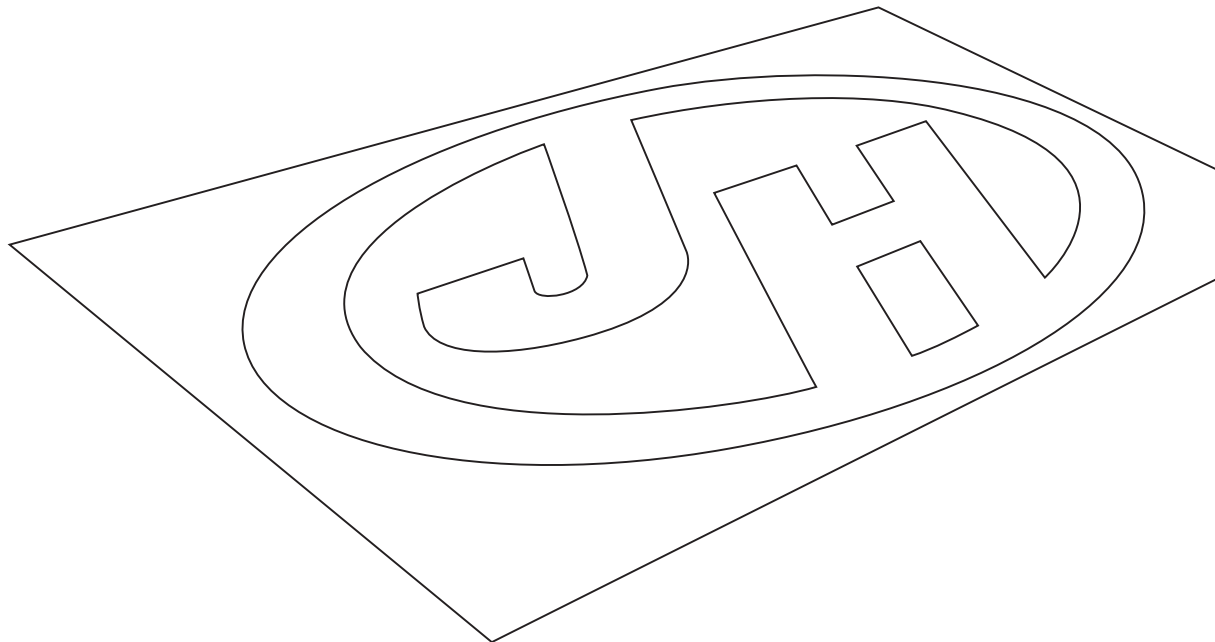
Appendix VI



---

# Additional information for US Shareholders

---



## **APPENDIX VI – ADDITIONAL INFORMATION FOR US SHAREHOLDERS**

### **1. INTRODUCTION**

This Appendix provides additional information specific to US Shareholders, holders of JHIL ADRs and potential holders of JHI NV ADRs.

Where the term ADRs is used in this document, it shall be construed as being a reference to either ADRs or ADSs, as the context requires. Accordingly, as the context requires, the term JHIL ADRs shall be construed as being a reference to JHIL ADRs or JHIL ADSs, and the term JHI NV ADRs shall be construed as being a reference to JHI NV ADRs or JHI NV ADSs (including in this Appendix VI).

### **2. VOTING WITH JHIL ADRs**

To instruct the Depositary to vote as you request in relation to the JHIL Shares represented by your JHIL ADRs, you must return a completed ADR voting instruction card by the date indicated in that card to the Bank of New York which will instruct the custodian of the JHIL ADRs to vote an equivalent number of JHIL Shares represented by your JHIL ADRs, in the manner indicated in your ADR voting instruction card. A copy of the ADR voting instruction card is enclosed with this Information Memorandum.

Should you wish to receive your underlying JHIL Shares, you must surrender your JHIL ADRs to The Bank of New York's corporate trust office at 101 Barclay Street, New York, New York 10286, USA together with written instructions regarding the person or persons to whom the delivery of the JHIL Shares shall be made or upon whose written order such shares shall be delivered. The Bank of New York will then direct the custodian of the JHIL ADRs to deliver your JHIL Shares at the Sydney, New South Wales, or Melbourne, Victoria, Australia office of the custodian or as otherwise instructed by you in writing. The Bank of New York, as Depositary for the JHIL ADRs, may charge certain fees or require certain documentation in connection with delivering your underlying JHIL Shares, all in accordance with the terms of the JHIL Deposit Agreement.

When voting JHIL Shares received upon surrendering your JHIL ADRs or when instructing the Depositary to vote the JHIL Shares represented by your JHIL ADRs, holders of ADRs should refer to, and are subject to, the governing procedures set forth in the JHIL Deposit Agreement.

If you convert your JHIL ADRs to JHIL Shares in order to vote at the Scheme Meeting, you will have to convert them back to ADRs prior to the Scheme Record Date in order to receive JHI NV ADRs under the Scheme.

### **3. DESCRIPTION OF JHI NV ADRs**

#### **3.1 Introduction**

JHIL ADRs, other than those held by Prescribed Foreign ADR Holders, will be exchanged for JHI NV ADRs upon surrender of JHIL ADRs to the Depositary pursuant to an amendment of the JHIL Deposit Agreement as a result of the Scheme being implemented. Investors will also be able to purchase JHI NV ADRs on the NYSE once the Scheme has been implemented or alternatively may apply to the Depositary to have their JHI NV CUFS converted into JHI NV ADRs in order to enable the sale of their interests in James Hardie on the NYSE.

The Depositary, pursuant to the JHI NV Deposit Agreement, will issue the JHI NV ADRs. Each JHI NV CUFS underlying the JHI NV ADRs will be held by The Bank of New York's nominee, namely the Australia and New Zealand Banking Group Limited, as custodian, pursuant to a deposit agreement to be entered into among JHI NV, the Depositary and the holders of JHI NV ADRs from time to time (JHI NV Deposit Agreement). Each JHI NV ADR will also represent any securities, cash or other property deposited with the Depositary but not distributed by it to the JHI NV ADR Holders.

The Depositary's corporate trust office is located at 101 Barclay Street, New York, NY 10286, USA. Its principal executive office is located at One Wall Street, New York, NY 10286, USA.

JHI NV ADRs may be held indirectly by a holder through a broker or other financial institution or directly by a holder by having JHI NV ADRs registered in the holder's name on the books of the Depositary. This Appendix assumes the JHI NV ADRs are held directly. If JHI NV ADRs are held indirectly through a holder's broker or financial institution nominee, that holder must rely on the procedures of such broker or financial institution to assert the rights of JHI NV ADR Holders described in this Appendix and should consult with the holder's broker or financial institution to find out what those procedures are.

Because the Depositary (through the Custodian) will actually hold the CUFS underlying a holder's JHI NV ADRs, a JHI NV ADR Holder must rely on it to exercise the rights of a CUFS Holder on the JHI NV ADR Holder's behalf. The obligations of the Depositary and its agents will be set out in the JHI NV Deposit Agreement. The JHI NV deposit agreement and the JHI NV ADRs will be governed by New York law.

#### **3.2 Summary of Material Terms**

The following is a summary of the material terms that are expected to be in the JHI NV Deposit Agreement. For more complete information, holders should read the entire JHI NV Deposit Agreement and the form of JHI NV ADRs which will contain the terms of the JHI NV ADRs. The JHI NV Deposit Agreement is expected to be entered into at the time the Scheme becomes effective and copies of the JHI NV Deposit Agreement will be on file with the Depositary at its corporate trust office and with the Custodian and will be open for inspection by JHI NV ADR Holders during business hours.

##### **(a) Dividends and other distributions**

The Depositary will pay to holders the cash dividends or other distributions it or the custodian receives in respect of CUFS or other deposited securities after deducting its fees and expenses. Holders will receive these distributions in proportion to the number of JHI NV CUFS, and thereby JHI NV Shares, their JHI NV ADRs represent.

##### **(i) Cash**

The Depositary or the Custodian, as the case may be, distributes all dividends and distributions in respect of JHI NV CUFS deposited under the Deposit Agreement. It is expected that JHI NV will pay any dividends to JHI NV ADR Holders in US dollars, and the Depositary will, therefore, not have to convert any foreign currency in connection with distributing

dividends. If any dividends are declared other than in US dollars, the Depositary will convert any cash dividend or other cash distribution JHI NV pays in respect of JHI NV CUFS into US dollars, if it can do so on a reasonable basis and can transfer the US dollars to the United States.

Before making a distribution, any fees payable to the Depositary under the JHI NV Deposit Agreement and any withholding taxes that must be paid under applicable law will be deducted. The Depositary will distribute only whole US dollars and cents and will round fractional cents to the nearest whole cent. If dividends are declared in currencies other than US dollars and the exchange rates fluctuate during a time when the Depositary cannot convert the foreign currency, a JHI NV ADR Holder may lose some or all of the value of the distribution.

**(ii) CUFS**

The Depositary may distribute additional JHI NV ADRs, with respect to any JHI NV CUFS that may be distributed as a dividend or free distribution. The Depositary will only distribute JHI NV ADRs representing whole JHI NV ADRs. It will sell CUFS that would require it to deliver JHI NV ADRs for fractional JHI NV ADRs and distribute the net proceeds in the same way it does with cash. If the Depositary does not distribute additional JHI NV ADRs, each JHI NV ADR will also represent the new CUFS.

**(iii) Rights to Receive Additional CUFS**

If JHI NV offers holders of JHI NV CUFS any rights to subscribe for additional CUFS or any other rights, the Depositary may make these rights available to JHI NV ADR Holders. In lieu of such distribution, the Depositary may sell the rights and distribute the proceeds, in the same way it does with cash. The Depositary may also allow rights that are not distributed or sold to lapse. If so, JHI NV ADR Holders would receive no value for them.

If the Depositary makes rights available to JHI NV ADR Holders, upon instruction from a holder, it will exercise the rights and purchase the CUFS on that holder's behalf. The Depositary will then deposit the CUFS and deliver to the holder JHI NV ADRs for these CUFS. It will exercise rights only if the holder pays it the exercise price and any other charges the rights require the holder to pay.

The Depositary will not offer rights to holders of JHI NV ADRs unless either the rights and the securities to which such rights relate are registered, or exempt from registration, under the Securities Act of 1933. The Depositary will not distribute warrants or instruments representing rights unless JHI NV provides the Depositary with a legal opinion that the distribution of such instruments is exempt from such registration and the Depositary may rely on such opinion.

US securities laws may restrict the sale, deposit, cancellation and transfer of the JHI NV ADRs issued after exercise of rights. For example, a holder may not be able to trade the JHI NV ADRs freely in the United

States. In this case, the Depositary may issue the JHI NV ADRs under a separate restricted deposit agreement that will contain the same provisions as the JHI NV Deposit Agreement, except for the changes needed to put the restrictions in place.

**(iv) Other Distributions**

The Depositary will send to JHI NV ADR Holders anything else JHI NV distributes in respect of deposited securities, after deduction or upon payment of any fees and expenses of the Depositary or any taxes or other governmental charges, by any means it considers legal, fair and practical. If it cannot make the distribution in that way, the Depositary has a choice. It may decide to sell what JHI NV distributed and distribute the net proceeds in the same way it does with cash or it may decide to hold what JHI NV distributed, in which case the JHI NV ADRs will also represent the newly distributed property.

JHI NV is under no obligation to register JHI NV ADRs, JHI NV CUFS, JHI NV Shares, rights or other securities being distributed under the US Securities Act 1993. JHI NV also has no obligation to take any other action to permit the distribution of JHI NV ADRs, shares, rights or anything else to JHI NV ADR Holders. This means that JHI NV ADR Holders may not receive a distribution for JHI NV makes in respect of its shares or CUFS or any value for them, if it is illegal or impractical for JHI NV to make them available to JHI NV ADR Holders.

The Depositary may choose any practical method of distribution for any specific JHI NV ADR Holder, including the distribution of foreign currency, securities or property, or it may retain such items as deposited securities on behalf of the JHI NV ADR Holder, without paying interest on or investing them.

The Depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any JHI NV ADR Holder.

There can be no assurance that the Depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, or that any of such transactions can be completed within a specified time period.

**(b) Deposit, Cancellation and Withdrawal**

**(i) Deposit**

The Depositary will issue JHI NV ADRs if a JHI NV CUFS Holder or that holder's broker deposits CUFS with a Custodian. Upon each deposit of CUFS, receipt of related delivery documentation and compliance with the other provisions of the JHI NV Deposit Agreement, including the payment of the fees and expenses and any charges of the Depositary and any taxes such as stamp taxes or stock transfer taxes or other fees or charges owing, the Depositary will issue JHI NV ADRs to which such person is entitled. Certificated JHI NV ADRs will be delivered at the Depositary's corporate trust office to the person or persons requested.

The Custodian will hold all deposited CUFS for the account of the Depositary. The Custodian will also hold any additional securities, property and cash received on or in substitution for the deposited CUFS. The deposited CUFS and any such additional items are referred to in this Appendix VI as "deposited securities."

**(ii) Cancellation and Withdrawal**

JHI NV ADR Holders may deliver their JHI NV ADRs at the Depositary's corporate trust office. Upon payment of certain applicable fees and expenses, charges and taxes, and upon receipt of proper instructions, the Depositary will deliver deposited securities to a JHI NV ADR Holder, or the person designated by such holder, at the office of the Custodian. At a holder's risk, expense and request, the Depositary shall direct the Custodian to deliver deposited securities at the Depositary's corporate trust office.

The Depositary may close its transfer books or JHI NV may close JHI NV's transfer books, at any time or from time to time. This may cause temporary delays in a holder's ability to receive JHI NV ADRs against deposits of CUFS, cancel JHI NV ADRs and obtain deposited securities, or transfer JHI NV ADRs.

However, even in the situation described in the previous paragraph, a JHI NV ADR Holder has the right to cancel the holder's JHI NV ADRs and withdraw the underlying CUFS at any time subject only to:

- > temporary delays caused by the closing of the Depositary's transfer books or JHI NV's transfer books or the deposit of shares in connection with voting at a Shareholders' meeting, or the payment of dividends;
- > the payment of fees, taxes and similar charges; and
- > compliance with any laws or governmental regulations relating to JHI NV ADRs or to the withdrawal of underlying CUFS.

All JHI NV ADRs surrendered to the Depositary will be cancelled by the Depositary and the Depositary is authorised to destroy such cancelled JHI NV ADRs.

**(iii) Record Dates**

The Depositary will record the dates for determining the JHI NV ADR Holders who will be entitled:

- > to receive a dividend distribution or rights; or
- > to give instructions on how to instruct the CUFS Depositary, CDN, to exercise voting rights at a meeting of holders of JHI NV Shares or other deposited securities,

all subject to the provisions of the JHI NV Deposit Agreement.

**(c) Voting Rights**

If a JHI NV ADR Holder is asked by the Depositary to provide it with voting instructions, the JHI NV ADR Holder may instruct the Depositary how to instruct CDN to exercise the voting rights for the CUFS which underlie the holder's JHI NV ADRs. Upon receipt of notice of any meeting of holders of shares or other deposited securities sent by JHI NV, the Depositary will mail the notice to the JHI NV ADR Holders as soon as practicable. The notice will contain an English version of the notice received from JHI NV and a summary in English of any materials provided to JHI NV CUFS Holders and will describe how a JHI NV ADR Holder, by a certain date, may instruct the Depositary to direct CDN to exercise the voting rights for the CUFS underlying the holder's JHI NV ADRs, including a statement as to how CUFS for which the Depositary receives incomplete voting instructions will be voted. For instructions to be valid, the Depositary must receive them on or before the date specified. The Depositary will try, as far as is practical, subject to the provisions of and governing the underlying CUFS or other deposited securities, to direct CDN to vote or to have its agents direct CDN to vote the CUFS or other deposited securities as a JHI NV ADR Holder instructs. The Depositary will direct or attempt to direct only as the holder instructs. The Depositary will not itself exercise any voting discretion. Neither the Depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote.

JHI NV cannot guarantee that JHI NV ADR Holders will receive voting materials in time to instruct the Depositary to vote and it is possible that the holders, or persons who hold their JHI NV ADRs through brokers, dealers or other third parties, will not have the opportunity to vote. The Depositary will not charge JHI NV ADR Holders for taking any action in connection with Shareholders' meetings. You may also withdraw underlying CUFS and then vote in accordance with the procedures for JHI NV CUFS described in Appendix I. For instructions concerning how to withdraw CUFS from the Depositary, see Section 3.2(b)(ii) above.

**(d) Reports and Other Communications**

The Depositary will make available for inspection by JHI NV ADR Holders at its corporate trust office any communications or reports, including any proxy soliciting materials, from JHI NV or the CUFS depositary that are both received by the Custodian as a holder of deposited securities and made generally available to the holders of deposited securities. The Depositary will also arrange for the mailing, at JHI NV's request and at JHI NV's expense, of copies of the notices, reports and communications, including any proxy soliciting materials, to all JHI NV ADR Holders. These communications will be furnished by JHI NV in English.

**(e) Fees and Expenses**

JHI NV ADR Holders or persons depositing CUFS will be charged for the following expenses:

<b>JHI NV ADR Holders must pay:</b>	<b>For:</b>
US\$5.00 (or less) per 100 JHI NV ADSs	Each issuance of a JHI NV ADR, including as a result of a distribution of CUFS or rights or other property Each cancellation of a JHI NV ADR, including if the JHI NV Deposit Agreement terminates
US\$0.02 (or less) per JHI NV ADS	Any cash payment
Clearing and Settlement Fees	Clearing and Settlement of CUFS on the register of CDN from or to the JHI NV ADR Holder's name to or from the name of The Bank of New York or its agent when the JHI NV ADR Holder deposits or withdraws CUFS
Expenses of The Bank of New York	Foreign currency conversion, cable, telex and facsimile transmission expenses
US\$0.02 (or less) per JHI NV ADS calendar year	Depository services provided. This fee will not be charged if the fee of US\$0.02 was charged in the same calendar year for a cash distribution.
Taxes and other governmental charges The Bank of New York or the Custodian has to pay on any JHI NV ADS or CUFS represented by a JHI NV ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary.
Distribution fees	Distributions of or relating to deposited securities

The fees described above may be amended from time to time.

JHI NV ADR Holders will be required to pay any tax or other governmental charge on any JHI NV ADR, deposited security or distribution. If a JHI NV ADR Holder owes any tax or other governmental charge, the Depository may deduct the amount thereof from any cash distribution or sell deposited securities and deduct the amount owing from the net proceeds of such

sale. In either case, the JHI NV ADR Holder will remain liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the Depository may refuse to effect any transfer of a JHI NV ADR or withdrawal of deposited securities until such payment is made. If the Depository sells the deposited securities, it will, if appropriate, reduce the number of JHI NV ADRs to reflect the sale and pay to JHI NV ADR Holders any proceeds, or send them any property, remaining after it has paid the taxes.

**(f) Reclassifications, Recapitalisations and Mergers**

If JHI NV does any of the following:

- > Changes the nominal or par value of any of the deposited securities or shares represented by deposited securities,
- > Reclassifies, splits up or consolidates any of the deposited securities or shares represented by deposited securities, or
- > Recapitalises, reorganises, merges, consolidates, sells all or substantially all of JHI NV's assets, or takes any similar action,

then the shares, CUFS or other securities received by the Depository will become deposited securities. Each JHI NV ADR will automatically represent its share of the new deposited securities. The Depository may, at JHI NV's request, issue new JHI NV ADRs evidencing these deposited securities or ask JHI NV ADR Holders to surrender their outstanding JHI NV ADRs in exchange for new JHI NV ADRs that specifically describe the new deposited securities.

**(g) Amendment and Termination**

**(i) Amendment**

Except as otherwise stated in this paragraph, JHI NV may agree with the Depository to amend the JHI NV Deposit Agreement and the form of JHI NV ADRs without JHI NV ADR Holders' consent for any reason. JHI NV ADR Holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (except for taxes and other governmental charges or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or affects any substantial existing right of JHI NV ADR Holders. If an JHI NV ADR Holder continues to hold JHI NV ADRs after being so notified, such JHI NV ADR Holder will be deemed, at the time an amendment becomes effective, to have consented and agreed to such amendment. Notwithstanding the foregoing, no amendment shall impair a holder's right to surrender its JHI NV ADRs and receive deposited securities represented thereby, except as necessary to ensure compliance with mandatory provisions of applicable law.

**(ii) Termination**

The Depository will terminate the JHI NV Deposit Agreement if JHI NV asks it to do so. The Depository may also terminate the agreement if the Depository has informed JHI NV that it would like to resign and JHI NV has not appointed a new depository bank within 90 days. In both cases, the Depository is required to notify JHI NV ADR Holders at least 90

days before termination.

After termination, the Depositary and its agents will be required only to collect dividends and other distributions on the deposited securities, sell rights and deliver CUFS and other deposited securities upon cancellation of JHI NV ADRs. After one year from the date of termination, the Depositary may sell any remaining deposited securities by public or private sale. After that, the Depositary will hold the proceeds of the sale, as well as any other cash it is holding under the JHI NV Deposit Agreement, for the pro rata benefit of the JHI NV ADR Holders that have not surrendered their JHI NV ADRs. It will not invest the money and will have no liability for interest. The Depositary's only obligations will be to account for the proceeds of the sale and other cash. After termination, JHI NV's only obligations will be with respect to indemnification and to pay certain amounts to the Depositary.

#### **(h) Limitations on Obligations and Liability to JHI NV ADR Holders**

The JHI NV Deposit Agreement will expressly limit JHI NV's and the Depositary's obligations and liability to JHI NV ADR Holders. Neither JHI NV nor the Depositary will be liable as long as the respective party:

- > performs its obligations without negligence or bad faith; or
- > takes any action or no action based on advice or information provided by legal counsel, accountants, any person presenting shares for deposit, any holder or any other qualified person.

In the JHI NV Deposit Agreement, JHI NV and the Depositary agree to indemnify each other under certain circumstances. Neither JHI NV nor the Depositary is under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or JHI NV ADRs which such party believes may involve its expense or liability unless satisfactory indemnity is furnished.

The Depositary will not be responsible for failing to carry out instructions to vote the JHI NV ADRs, the manner in which the JHI NV ADSs are voted or the effect of the vote.

The Depositary may own and deal in any class of securities of JHI NV.

#### **(i) Requirements for Depositary Actions**

Before the Depositary will issue or register transfer of an JHI NV ADR, make a distribution on an JHI NV ADR, or make a withdrawal of CUFS, the Depositary may require:

- > payment of stock transfer or other taxes or other governmental charges and clearing, settlement, transfer or registration fees charged by third parties for the transfer of any CUFS or other deposited securities;
- > production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- > compliance with regulations it may establish, from time to time, consistent with the JHI NV Deposit Agreement, including presentation of transfer documents.

The Depositary may refuse to deliver, transfer or register transfers of JHI NV ADRs generally when the books of the Depositary or JHI NV are closed, or at any time if the Depositary or JHI NV deems it advisable to do so.

JHI NV ADR Holders will have the right to surrender and cancel their JHI NV ADRs and withdraw the underlying CUFS at any time except in circumstances in which the Depositary may restrict the withdrawal of deposited securities. See Section 3.2(b)(ii) above.

#### **(j) Pre-release of JHI NV ADRs**

In certain circumstances, subject to the provisions of the JHI NV Deposit Agreement, the Depositary may issue JHI NV ADRs evidencing JHI NV ADRs before deposit of the underlying CUFS. This is called a pre-release of the JHI NV ADRs. The Depositary may also deliver CUFS upon cancellation of pre-released JHI NV ADRs (even if the JHI NV ADRs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying CUFS are delivered to the Depositary. The Depositary may receive JHI NV ADRs instead of CUFS to close out a pre-release. The Depositary may pre-release JHI NV ADRs only under the following conditions:

- > before or at the time of the pre-release, the party to whom the pre-release is being made must represent to the Depositary in writing that it or its customer owns the CUFS or JHI NV ADRs to be deposited;
- > the pre-release must be fully collateralised with cash or other collateral that the Depositary considers appropriate;
- > the Depositary must be able to close out the pre-release on not more than five business days' notice; and
- > the pre-release shall be subject to such further indemnities and credit regulations as the Depositary deems appropriate.

In addition, the Depositary will limit the number of JHI NV ADRs that may be outstanding at any time as a result of pre-release to 30% of JHI NV CUFS deposited under the Deposit Agreement, although the Depositary may disregard the limit from time to time, if it deems it appropriate to do so.

## **4. UNITED STATES TAX IMPLICATIONS**

The following discussion contains a description of the material US federal income tax consequences of the Scheme generally applicable to US Holders (as defined below) of JHIL Shares or ADRs. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to certain US Holders in light of their circumstances. In particular, this summary does not address (a) the tax treatment of special classes of US Holders, such as financial institutions, life insurance companies, tax-exempt organisations, dealers in securities, Shareholders who hold their shares as part of a hedge, straddle, or other risk reduction arrangement, or Shareholders whose functional currency is not the US dollar, (b) the tax treatment of US Holders who own (directly or indirectly by attribution through certain related parties) 10% or more of the voting stock of the Company, (c) the application of other US federal taxes such

as the US federal estate tax, and (d) the application of any aspect of state, local and non-US tax laws.

**Holders of JHIL Shares or ADRs should consult their own tax advisors as to the particular tax consequences to them of the Scheme, including the effect of any foreign, state or local taxes.**

The following discussion is based on the Internal Revenue Code of 1986, as amended, applicable Treasury regulations, judicial decisions, and administrative rulings and practice, all as of the date of this Information Memorandum, all of which are subject to change, possibly with retroactive effect.

References in this Section to ownership of JHI NV Shares includes ownership of JHI NV ADRs which represent ownership of JHI NV CUFs, which in turn represent ownership of JHI NV Shares.

**(a) US Holder**

For purposes of this Appendix, a "US Holder" is any beneficial owner of JHIL Shares who holds such shares as capital assets and who is: (1) a citizen or resident of the United States (as defined for US federal income tax purposes), (2) a corporation created or organised in or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to US federal income taxation regardless of its source, or (4) a trust if (A) a court in the United States is able to exercise primary supervision over the administration of the trust and (B) one or more US persons have the authority to control all of the substantial decisions of the trust.

**(b) Treatment of ADRs**

In general, for US federal income tax purposes, a holder of an ADR is considered the owner of the stock represented by the ADR. Accordingly, except as otherwise noted, references in this Appendix to ownership of shares includes ownership of those shares underlying the corresponding ADRs.

**(c) Consequences of the Scheme**

A US Holder who exchanges his or her JHIL Shares for JHI NV Shares (and cash in lieu of a fractional share) generally will not recognise gain or loss on the exchange, except with respect to the fractional share. However, a US Holder who owns (directly or indirectly by attribution through certain related parties) 5% or more (either by vote or value) of the JHI NV Shares immediately after the exchange will be required, in accordance with applicable US Treasury regulations, to enter into a gain recognition agreement with the US Internal Revenue Service ("IRS"), pursuant to which the US Holder would agree, among other things, to recognise gain with respect to the exchange if, prior to the close of the fifth full taxable year following the close of the taxable year in which the exchange occurs, JHI NV disposes of such JHIL Shares in whole or in part; and may be required to comply with other IRS reporting requirements.

The aggregate initial tax basis of the JHI NV shares received by a US Holder in the exchange generally will be equal to the aggregate tax basis of the JHIL shares exchanged therefor (excluding any basis allocated to a fractional share).

Because the Depositary will aggregate and sell any fractional JHI NV Shares and distribute the net proceeds to holders of JHIL Shares, JHI NV intends to take the position that a US Holder who receives cash from the sale of a fractional JHI NV Share will recognise gain or loss in an amount equal to the difference between the amount of cash received from the sale of the fractional share and the US Holder's basis allocated to the fractional share. The IRS may assert, however, that the cash received by a US Holder from the sale of his or her fractional share constitutes taxable "boot," in which case the US Holder would be required to recognise gain (but would not be permitted to recognise loss) in an amount equal to the lesser of the amount of cash received and the total gain realised in the exchange of JHIL Shares for JHI NV Shares and cash. If the cash received is treated as boot, the aggregate initial tax basis of the JHI NV Shares received will be equal to the aggregate tax basis of the JHIL Shares exchanged therefor (including any basis allocated to a fractional share), decreased by the amount of cash received, and increased by the amount of gain recognised.

The holding period of the JHI NV Shares received by a US Holder in the exchange will include the period in which the US Holder held his or her JHIL Shares.

**(d) Character of Gain or Loss**

Gain or loss, if any, recognised by a US Holder on the exchange of his or her JHIL Shares pursuant to the Scheme will be subject to US federal income taxation as capital gain or loss. Lower marginal tax rates may apply to individual US Holders in the case of capital gains, depending on the holding period of the JHIL Shares exchanged by such US Holders. See the discussion of "Capital Gains Rates" below. For US federal income tax purposes, capital losses not offset by capital gains are subject to limitations on deductibility. Gain or loss realised by a US Holder on the exchange of JHIL Shares pursuant to the Scheme generally will be treated as income from sources within the United States for purposes of the foreign tax credit provisions, unless the US Holder is a US citizen residing outside the United States and certain other conditions are met.

**(e) Capital Gains Rates**

For individual US Holders, the difference between the tax rates applicable to capital gain and ordinary income may be significant. For calendar year 2001, the highest marginal income tax rate (disregarding the effect of limitations on deductions) applicable to ordinary income by an individual US Holder is 39.1% (scheduled to be reduced to 35% by 2006). Any net capital gain recognised by an individual US Holder generally will be taxed at a maximum rate of 20% with respect to capital gain attributable to the sale or exchange of assets held for more than one year. Gain attributable to the sale or exchange of capital assets held for one year or less is short-term capital gain, which is taxable as ordinary income.

---

**(f) Information Reporting and Backup Withholding**

In general, information reporting requirements will apply to non-corporate US Holders with respect to the proceeds received on the disposition of JHIL Shares pursuant to the Scheme (including cash received in lieu of a fractional share), and such amounts may be subject to a 31% US backup withholding tax. Backup withholding tax will not apply, however, to a US Holder who (1) is a corporation or comes within certain exempt categories and, when required, demonstrates this fact, or (2) furnishes a correct taxpayer identification number or certificate of foreign status and makes certain other required certifications as provided by the backup withholding rules. Generally, a US Holder will provide such certifications on Form W-9 (Request for Taxpayer Identification Number and Certification). A US Holder who does not furnish JHI NV with his or her correct taxpayer identification number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax and may be claimed as a credit against the US federal income tax liability of a US Holder, provided that the required information is furnished to the IRS.

**(g) Consequences of Owning JHI NV Shares**

The US federal income tax consequences of owning JHI NV Shares generally will be the same as the consequences of owning JHIL Shares. However, differences between Dutch and Australian withholding tax rules may affect a US Holder's ability to claim foreign tax credits. Under certain specific circumstances, and subject to certain limitations and conditions, JHI NV may be permitted to retain a portion of Dutch withholding taxes that are withheld from dividend distributions to JHI NV Shareholders, rather than paying such amounts to The Netherlands tax authorities. This will result from the application of a Dutch tax credit which may not exceed 3% of the dividend distribution, and which will be available to the extent that the dividend distribution relates to dividends that JHI NV receives from qualifying non-Netherlands subsidiaries, with respect to which at least 5% withholding tax has been withheld. US Holders should consult their tax advisers to determine the amount of the Dutch withholding tax that may be claimed as a foreign tax credit or as a deduction. JHI NV does not anticipate that a significant portion of its dividends will be subject to the above-described rules.

---