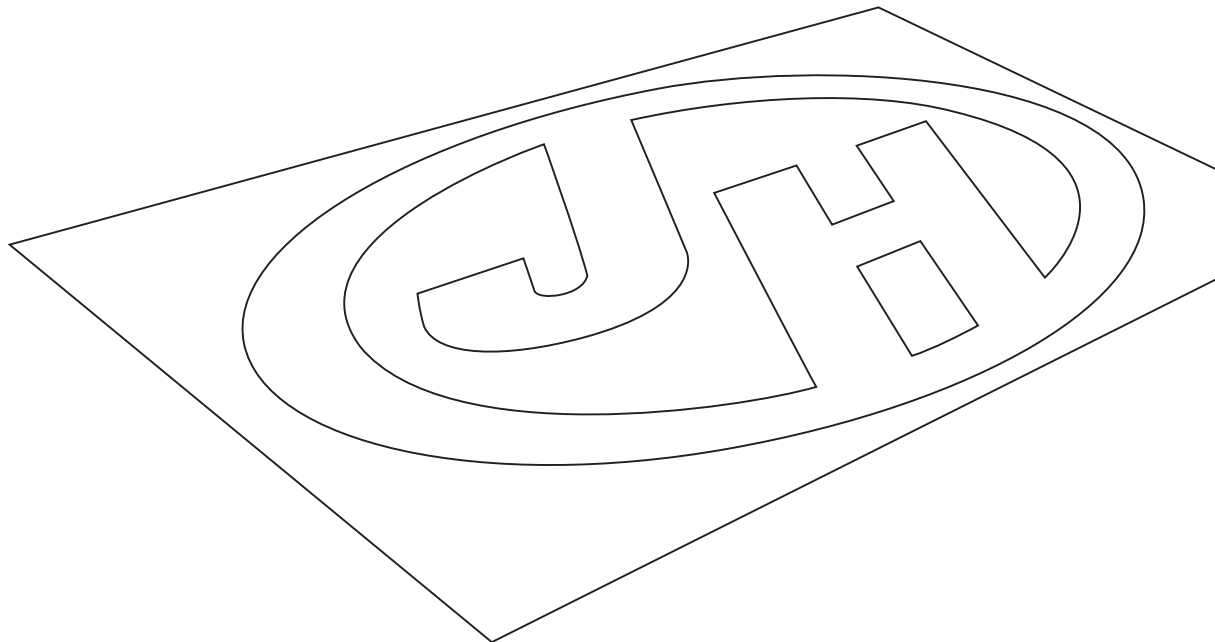

Glossary of Defined Terms



TERMS

In this Information Memorandum, including its Appendices, capitalised terms shall have the following meanings (subject to any definitions of capitalised terms provided in Parts C, D and E which shall have effect for the purposes of those Parts):

A\$ means Australian dollars.

ADRs means American Depositary Receipts, being the receipts or certificates which evidence ownership of ADSs. Where the term ADRs is used in this Information Memorandum, 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.

ADSs means American Depositary Shares, being a form of security that represents an ownership interest in a specified number of underlying securities that have been deposited with a depositary (see **ADRs**).

A GAAP means generally accepted accounting principles applying in Australia.

AGM means annual general meeting.

Articles of Association or **JHI NV's Articles of Association** means the articles of association of JHI NV in force on the Implementation Date.

ASIC means the Australian Securities & Investments Commission.

ASX means Australian Stock Exchange Limited.

Australian Government means the government of the Commonwealth of Australia.

Australian Takeovers Code means the takeovers regime set out in Chapter 6 of the Corporations Act 2001.

Board means the board of Directors of JHIL.

Business Day means a day on which trading banks are open for business in Sydney.

CDN means CHESSE Depository Nominees Pty Limited (ABN 75 071 346 506).

CGT means Australian tax levied on capital gains.

CHESSE means the clearing house electronic sub-register system operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

Company means JHIL.

Complying Superannuation Fund means within the meaning of section 45 of the Superannuation Industry (Supervision) Act.

Conditions Precedent means the conditions precedent specified in clause 3.1 of the Scheme, included as Part E of this Information Memorandum.

Constitution means the constitution of JHIL, as amended from time to time.

Corporations Act 2001 means the Commonwealth Corporations Act 2001 and includes a reference to the regulations made thereunder.

Court means the Supreme Court of New South Wales.

CUFS means CHESSE units of Foreign Securities, each of which represents a beneficial holding in an underlying share.

Custodian means Australia and New Zealand Banking Group Limited as holder of the JHI NV CUFS underlying the JHI NV ADSs.

Depositary means The Bank of New York, as depositary of JHIL ADSs or JHI NV ADSs, as appropriate.

Dutch GAAP means generally accepted accounting principles of The Netherlands.

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

EBT means earnings before tax.

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act 2001, of the order of the Court made under section 411(4)(b) of the Corporations Act 2001 in relation to the Scheme.

Effective Date means the date on which an office copy of a Court order under section 411 of the Corporations Act 2001 approving the Scheme is lodged with ASIC.

Enterprise Division means the Enterprise Division of the Court of Appeals in Amsterdam, The Netherlands.

EPS means earnings per share.

Equity Incentive Plan means James Hardie Industries N.V.'s 2001 Equity Incentive Plan as approved by the Joint Board and shareholders of JHI NV.

Explanatory Statement means the explanatory statement of JHIL issued pursuant to section 412 of the Corporations Act 2001 which has been registered by ASIC.

FRR means the Dutch Financial Risk Reserve regime, details of which are provided in Section 3.2(b) of Part B.

Group – see James Hardie or James Hardie Group below.

Implementation Date means the first day following the Scheme Record Date on which the transactions to implement the Scheme will be effected, as more particularly described in the Scheme.

Implementation Deed means the Implementation Deed dated 20 August 2001, set out in Part C.

Independent Expert or **Grant Samuel** means Grant Samuel & Associates Pty Limited (ABN 28 050 036 372) of Level 30, Colonial Centre, 52 Martin Place, Sydney, NSW, Australia.

Information Memorandum means this information memorandum, dated 27 August 2001, providing information to assist JHIL Shareholders to consider the Scheme.

IPO means an initial public offering of shares.

James Hardie or **James Hardie Group** or **Group** means, prior to implementation of the Proposal, JHIL and its Subsidiaries and, following implementation, JHI NV and its Subsidiaries.

JHI Finance BV means James Hardie International Finance B.V., a Dutch private company with limited liability, with its corporate seat in Amsterdam, The Netherlands.

JHIL means James Hardie Industries Limited (ABN 60 000 009 263) of 8th Floor, James Hardie House, 65 York Street, Sydney, NSW 2000, Australia.

JHIL ADR Holder means a person who is registered in the register of JHIL ADRs kept by the Depositary as the holder of JHIL ADRs from time to time. (see **ADRs**).

JHIL ADRs means the ADRs issued by The Bank of New York, as Depositary, representing the holder's ownership interest in the JHIL ADSs. (see **ADRs**).

JHIL ADSs means the ADSs deposited with The Bank of New York, as Depositary, or its agents, each representing two (2) JHIL Shares. (see **ADRs**)

JHIL Deposit Agreement means the deposit agreement dated December 15, 1990 between JHIL, the Depositary, and the owners and holders of JHIL ADSs, as amended from time to time.

JHIL Register means the JHIL register of members.

JHIL Share Registry means Computershare Investor Services Pty Limited, GPO Box 7045, Sydney, NSW 1115.

JHIL Shareholder means a person who is registered in the JHIL Register as the holder of JHIL Shares from time to time.

JHIL Shares means ordinary shares in the capital of JHIL.

JHI NV means James Hardie Industries N.V., ARBN 097 829 895, of Strawinskylaan 1725, 1077 XX Amsterdam, The Netherlands, a Dutch limited liability company with its corporate seat in Amsterdam, The Netherlands.

JHI NV ADR Holder means a person who is registered in the register for JHI NV ADRs kept by the Depositary as the holder of JHI NV ADRs from time to time. (see **ADRs**).

JHI NV ADRs means the ADRs to be issued by The Bank of New York, as Depositary, representing the holder's ownership interest in the JHI NV ADSs. (see **ADRs**).

JHI NV ADSs means the ADSs issued by The Bank of New York, as Depositary, or its agents, each JHI NV ADS representing five (5) JHI NV Shares. (see **ADRs**).

JHI NV CUFS means CUFS in JHI NV, to be issued to JHI NV CUFS Holders pursuant to the SCH Business Rules, each representing the holders' interest in one JHI NV Share.

JHI NV CUFS Holder means a person who is registered in the JHI NV CUFS Register as the holder of JHI NV CUFS from time to time.

JHI NV CUFS Register means the register of holders of JHI NV CUFS to be held by CHESS.

JHI NV Deposit Agreement means the deposit agreement to be entered into between JHI NV, The Bank of New York, as Depositary, and those people who are to be the owners and holders of JHI NV ADSs.

JHI NV Register means the JHI NV register of Shareholders.

JHI NV Share Registry means Computershare Investor Services Pty Limited, GPO Box 7045, Sydney, NSW 1115.

JHI NV Shareholder means a person who is registered in the JHI NV Register as the holder of JHI NV Shares from time to time.

JHI NV Shares means common (or ordinary) shares in JHI NV.

JHNV means James Hardie N.V. of Strawinskylaan 1725, 1077 XX Amsterdam, The Netherlands a Dutch limited liability company with its corporate seat in Amsterdam, The Netherlands.

Joint Board means the joint board of JHI NV, as more particularly described in Part B, Sections 4.13 and 4.14 of Part B.

Managing Board means the managing board of JHI NV, as more particularly described in Part B, Sections 4.13 and 4.16 of Part B.

Meeting Record Date means the time and date specified in the Notice of Meeting for determining entitlements to attend and vote at the Scheme Meeting.

MSCI means Morgan Stanley Capital International being the entity which maintains the MSCI shares indices.

Nominee means Sethold Nominees Pty Limited (ABN 44 011 064 903) of Level 25, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

Normalised means, in the context of financial information, James Hardie's reported A GAAP consolidated financial information for the year ended 31 March 2001, converted into US GAAP as a result of the adjustments included in Appendix III and after adjustment for those matters included in Appendix IV, so as to exclude those businesses disposed of prior to that date and to reflect items which would impact the financial statements in a normal year were the Proposal not to be implemented.

Noteholder means a holder of a note under the Senior Note Facility.

Notice of Meeting means the notice of meeting accompanying this Information Memorandum, in respect of the Scheme Meeting.

NPAT means operating profit after income tax.

NYSE means the New York Stock Exchange.

NZ\$ means New Zealand dollars.

Permitted Jurisdictions means Australia (and its external territories), New Zealand, the United States and the United Kingdom.

Prescribed Foreign Shareholders means each Scheme Participant:

- (a) whose address as shown in the JHIL Register is a place outside the Permitted Jurisdictions, unless JHI NV is satisfied before the Implementation Date that such person lawfully can be issued JHI NV CUFS pursuant to the Scheme under the laws of the place of such address; or

(b) (in the case of corporate entities) whose name, as shown in the JHIL Register, indicates that they are incorporated in The Netherlands.

Prescribed Foreign ADR Holders means JHIL ADR Holders:

- (a) whose address as shown in the register of JHIL ADRs held by the Depositary is a place outside the Permitted Jurisdictions, unless JHI NV is satisfied before the Implementation Date that such person lawfully can be issued JHI NV ADRs pursuant to the Scheme under the law of the place of such address: or
- (b) (in the case of corporate entities) whose name, as shown in the register of JHIL ADRs held by the Depositary, indicates that they are incorporated in The Netherlands.

Proposal means the proposed restructuring of the James Hardie Group, the details of which are set out in this Information Memorandum, to be effected pursuant to the Scheme and the other steps referred to in Section 2.3 of Part B.

S&P/ASX means Standard & Poor's/Australian Stock Exchange being the entities which maintain the S&P/ASX share indices.

SCH Business Rules means the business rules regulating the functions and operations of CHESS.

Scheme means the scheme of arrangement set out in Part E subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act 2001.

Scheme Consideration has the meaning given to it in clause 1.1 of the Scheme.

Scheme Meeting means the meeting of JHIL Shareholders convened by the Court pursuant to section 411(1) of the Corporations Act 2001.

Scheme of Arrangement means a court approved arrangement between a company and its members or any class of them, pursuant to Part 5.1 of the Corporations Act 2001.

Scheme Participants means JHIL Shareholders as at the Scheme Record Date.

Scheme Record Date means the fifth business day following the Effective Date.

SEC means the United States Securities and Exchange Commission.

Senior Note Facility means the Note Purchase Agreement dated as of November 5, 1998 by and among James Hardie Finance B.V., as original issuer, JHNV, as guarantor, and the purchasers of the issuer's guaranteed senior notes in aggregate principal amount of US\$225,000,000, as amended as of January 24, 2000 to assign the obligations of the issuer to James Hardie US Funding, Inc. and to include James Hardie Aust. Investco Pty. Limited as the first subsidiary guarantor

Shareholders means, prior to the implementation of the Scheme, JHIL Shareholders, and, following implementation, JHI NV Shareholders.

Subsidiaries in respect of JHIL has the meaning given to it in section 46 of the Corporations Act 2001 and in respect of JHI NV, the meaning given to it in section 2:24a of the Dutch Civil Code.

Supervisory Board means the supervisory board of JHI NV, as more particularly described in Part B, Sections 4.13 and 4.15 of Part B.

United States or US means the United States of America.

US\$ means dollar currency of the United States of America.

US GAAP means generally accepted accounting principles applying in the United States.