DIRECTORS' REPORT

Remuneration Report

James Hardie Industries NV and Subsidiaries

2008 REMUNERATION REPORT

This remuneration report explains James Hardie's approach to remuneration, and has been adopted by the Supervisory Board on the recommendation of the Remuneration Committee.

Sections 1-8 of this report describe the remuneration policy for the Managing Board and section 12 of this report describes the company's departures, and reasons, from the Best Practice Recommendations in the Dutch Code on Corporate Governance.

This report also contains detailed information about the remuneration of Supervisory and Managing Board directors and senior executives. In accordance with the ASX Corporate Governance Council Principles and Recommendations, good corporate governance in Australia and having regard to the aims underlying section 300A of the Corporations Act, the company has elected to provide the information in sections 2 and 9 to 11 of this report on a voluntary basis, and will present this remuneration report to its shareholders for a non-binding vote.

During fiscal year 2008, the company retained Hewitt Associates as its compensation advisor. In addition, the Remuneration Committee retained Towers Perrin (in the United States) and Guerdon Associates (in Australia) as its independent advisors on the changes to remuneration for fiscal year 2009, described in this report.

1. APPROACH TO CEO, MANAGING BOARD AND SENIOR EXECUTIVE REMUNERATION

1.1 Objectives

James Hardie aims to provide a package of fixed "Not At Risk" pay and benefits positioned around the market median, and variable "At Risk" performance pay, based on both long and short-term incentives which link executive remuneration with the interests of shareholders and attract, motivate and retain high-performing executives to ensure the success of the business.

1.2 Policy

The company's executive compensation program is based on a pay-for-performance policy that differentiates compensation amounts based on an evaluation of performance in two basic areas: the business and the individual.

1.3 Setting remuneration packages

The Remuneration Committee considers the remuneration packages and their components for the CEO, Managing Board directors and the company's senior executives annually to ensure that they meet the objectives of the remuneration policy and are competitive with developments in the market.

The CEO's remuneration package is reviewed by the Remuneration Committee, which recommends it to the Supervisory Board for final approval.

The CEO makes recommendations to the Remuneration Committee on the remuneration packages of the Managing Board directors and the company's senior executives. These recommendations are based on the guidelines of the remuneration policy and include factors such as the individual's competencies, skills and performance, the specific role and responsibilities of the relevant position, assessments and advice from the Remuneration Committee's external independent compensation advisors, and other practices specific to the markets in which the company operates and countries in which the executive is based or was based prior to any relocation.

Each year the Remuneration Committee reviews and approves a list of peer group companies which it uses for comparative purposes in setting remuneration levels (base salary, target bonus, and equity) for the CEO, the Managing Board directors and the company's senior executives. The list of peer group companies may differ depending on a specific person's home country.

The Supervisory Board makes the final compensation decisions concerning remuneration for the CEO, Managing Board directors and the company's senior executives.

1.4 Senior executives

The remuneration policy for the senior executives below Managing Board level is consistent with the remuneration policy for the Managing Board. For the purpose of this report, the company will report the remuneration details of the following senior executives, all of whom report directly to the CEO and served in these roles throughout fiscal year 2008 unless otherwise stated:

Senior executives:

Peter Baker, Executive Vice President – Asia Pacific[1]
Robert Cox, General Counsel and Company Secretary[2]
Mark Fisher, Vice President – Research and Development
Grant Gustafson, Vice President – Interiors and Business Development
Brian Holte, Vice President – General Manager Western Division
Nigel Rigby, Vice President – General Manager Northern Division
Joel Rood, Vice President – General Manager Southern Division

Former senior executives:

Jamie Chilcoff, Vice President – International Business[3]
Robert Russell, Vice President – Engineering and Process Development[4]

1 Effective 1 February 2008. From 1 April 2007 to 1 February 2008 Mr Baker was Executive Vice President – Australia.

2 Mr Cox joined the company as General Counsel on 14 January 2008. He was appointed to the Managing Board and as Company Secretary effective 7 May 2008. Mr Cox is reported as a senior executive in this report as he was not a Managing Board director at 31 March 2008. He will be reported as a Managing Board director in the 2009 Remuneration Report.

3 Mr Chilcoff separated from the company effective 25 February 2008.

4 Mr Russell separated from the company effective 18 January 2008.

The names, roles and length of service of the Managing Board directors covered in this remuneration report are set out on pages 22–23 of this annual report.

2. STRUCTURE AND OVERVIEW OF REMUNERATION PACKAGES

The proportions of the "At Risk" and "Not At Risk" components of James Hardie's remuneration packages in fiscal year 2008 are shown in the following table, and described below:

2.1 Components of remuneration packages in fiscal year 2008

	Not at Risk Remuneration[1]		At Risk Remuneration[2]							
	Salary, Non-cash Benefits, Superannuation, 401(k) etc		Short-Term Cash Incentive[3]		Long-Term Cash Incentive[4]		Equity (stock options)[5]		Total at Risk	
	US$	%	US$	%	US$	%	US$	%	US$	%
Managing Board directors										
Louis Gries	1,166,361	29	659,033	16	–	–	2,267,910	55	2,926,943	71
Russell Chenu	953,151	62	238,851	16	–	–	344,240	22	583,091	38
Former Managing Board director										
Benjamin Butterfield	626,925[6]	100	–	–	–	–	–	–	–	–
Senior executives										
Peter Baker	378,684	78	57,958	12	–	–	47,157	10	105,115	22
Robert Cox[7]	156,449	100	–	–	–	–	–	–	–	0
Mark Fisher	363,973	47	136,890	18	–	–	275,084	35	411,974	53
Grant Gustafson	384,859	56	82,811	12	–	–	220,066	32	302,877	44
Brian Holte	432,636	56	88,191	12	–	–	247,575	32	335,766	44
Nigel Rigby	373,235	48	136,890	17	–	–	275,084	35	411,974	52
Joel Rood	356,706	53	69,300	10	–	–	247,575	37	316,875	47
Former senior executives[8]										
Jamie Chilcoff	393,809	64	–	–	–	–	220,066	36	220,066	36
Robert Russell	482,575	71	–	–	–	–	192,558	29	192,558	29

[1] See section 4 of this report.

[2] See section 3 of this report.

[3] See sections 3.2.1 and 3.2.2 of this report. This amount includes all incentive amounts in respect of fiscal year 2008 and the cash component of the Deferred Bonus Program.

[4] See section 3.2.3. There were no Bonus Bank payments in respect of fiscal year 2008.

[5] Options are valued using either the Black-Scholes option-pricing model or the Monte Carlo option-pricing method, depending on the plan the options were issued under. For the Black-Scholes model, the weighted average assumptions and weighted average fair value used for grants in fiscal year 2008 were as follows: 5.0% dividend yield; 30.0% expected volatility; 3.4% risk free interest rate; 4.4 years of expected life; and A$1.13 weighted average fair value at grant date. For the Monte Carlo method, the weighted average assumptions and weighted average fair value used for grants in fiscal year 2008 were as follows: 5.0% dividend yield; 32.1% expected volatility; 4.2% risk free interest rate; and A$3.14 weighted average fair value at grant date.

[6] Amount includes severance payment of US$335,323.

[7] Mr Cox joined the company on 14 January 2008 and was ineligible for a short-term incentive or equity grant in fiscal year 2008.

[8] Not at Risk remuneration includes accrued vacation time of US$36,304 and US$67,726 for Messrs Chilcoff and Russell respectively and a US$83,635 severance payment for Mr Russell.

3. AT RISK REMUNERATION IN FISCAL YEAR 2008

3.1 Overview of At Risk components in fiscal year 2008

Senior executives within the company are eligible to participate in one or more incentive plans containing "At Risk" remuneration. Eligibility for inclusion in a plan does not guarantee participation in any future year. Participation of any division/business unit in a plan is at the discretion of the CEO. "At Risk" remuneration consists of short-term incentives (STIs) and long-term incentives (LTIs). An LTI target or STI target can be earned or exceeded by meeting or exceeding specified goals. The company's "At Risk" incentive plans for senior executives in fiscal year 2008 and their status for fiscal year 2009 are set out below:

Duration	Plan Name	Future Status	Further Details
Short-Term Incentive	EP/IP Plan Economic Profit (EP) Component	Terminated for fiscal year 2009 and replaced with Executive Incentive Program.	Section 3.2.1(a) below
	EP/IP Plan Individual Performance (IP) Component	EP/IP plan terminated for fiscal year 2009, but IP component preserved for fiscal year 2009 on same terms.	Section 3.2.1(b) below
	Deferred Bonus Program cash component	One-off for fiscal year 2008 with cash and equity components. Equity component treated as long-term incentive.	Sections 3.2.2 and 6 below
Long-Term Incentive	EP Plan Bonus Bank payments under EP/IP Plan	Terminated for fiscal year 2009.	Section 3.2.3 (a) below
	Deferred Bonus Program equity component with time vesting	One-off for fiscal year 2008.	Sections 3.2.2, 6 and 8 below
	2001 JHI NV Equity Incentive Plan (Option Plan)	Current for senior executives other than Managing Board directors. Senior executives moved to LTIP for fiscal year 2009.	Sections 3.2.3(b) and 8 below
	2006 Long Term Incentive Plan (LTIP) with relative TSR and ROCE performance hurdles	Current for Managing Board directors. Extended to senior executives with revised performance hurdles for fiscal year 2009.	Sections 3.2.3(c) and 8 below

3.2 Details of At Risk components in fiscal year 2008

3.2.1 Short-term incentives

(a) Economic Profit component of the EP/IP Plan (EP component)

The EP component of the EP/IP Plan was designed to provide participating senior executives with incentive compensation which directly related their financial reward to an increase in Economic Profit. It had components that were both short-term (described here) and long-term (described in section 3.2.3(a) below relating to Bonus Bank).

Economic Profit was defined as Net Operating Profit After Tax (NOPAT) minus capital charge. The philosophy behind the EP component was that economic value in the company's business must continue to be created in successive years for the full realised incentive to be paid. This was considered appropriate because it tied the incentives paid to individuals directly to the underlying operating performance of the business.

Every three years, with the assistance of independent advisors, the Remuneration Committee recommended to the Supervisory Board the amount the company's Economic Profit must increase in each of the following three years (the EP goal) to achieve the STI target, and the amount by which the company must exceed the EP goal to realise incentives greater than the STI target. The EP goal for improvement in Economic Profit for fiscal year 2007 to fiscal year 2009 was set in 2006.

At the start of each Plan Year (year ending 31 March), the Supervisory Board confirmed the EP goal required to attain the STI target by taking the company's global expected improvement in Economic Profit and adjusting for the changes in the company's weighted average cost of capital.

If the company only met part of its EP goal, an equivalent part percentage of the STI target was paid. If the company's Economic Profit performance exceeded the EP goal by a predetermined annual amount, the percentage by which the EP goal was exceeded was taken into consideration when calculating the EP STI bonus for that year.

Base salary	x	STI target as a % of base salary	x	Percentage of STI Target participating in EP component of EP/IP Plan	x	Board determined multiple or fraction of EP goal	=	EP Bonus

The EP component of the EP/IP Plan had unlimited upside and downside limited to zero, or loss of amounts accumulated from previous years in the Bonus Bank.

For any EP Bonus amounts realised in any one year in excess of the STI target:

– one third was considered earned and paid in that year; and

– the remaining two thirds were credited to the Bonus Bank of the executive and subject to being paid out equally in the following two years, provided that the performance target was met and the executive continued to meet the eligibility standards for additional payments.

(b) Individual Performance component of the EP/IP Plan (IP component)

Senior executives who participated in the EP/IP plan also participated in the IP component.

The IP component related participants' financial rewards to their achieving specific individual objectives that benefited the company and indirectly increased shareholder value.

The IP component was based on the participant's performance rating at the end of the Plan Year and/or when he or she changed roles during the year. Participants were given a rating based on a review of which of their individual objectives they achieved and how they achieved them.

Base salary	x	STI target as a % of base salary	x	Percentage of STI Target participating in IP component of EP/IP Plan	x	Performance rating multiple or fraction	=	IP Bonus

3.2.2 Deferred Bonus Program (both short and long-term incentive)

Sections 5 and 6 explain the Supervisory Board's assessment of the EP component of the EP/IP Plan and the reasons for the one-off Deferred Bonus Program.

Payments under this plan comprised of a cash payment equal to one third of the total value (short-term incentive) and a grant of two year vesting restricted stock units equal to two thirds of the value (long-term incentive) in June 2008.

The total value of cash and restricted stock units under the Deferred Bonus Program was 75% of the STI target in fiscal year 2008, which therefore included 75% of the Bonus Bank the senior executive had accumulated for the company's good performance in fiscal years 2006 and 2007.

Restricted stock units are unfunded and unsecured contractual entitlements for shares to be issued in the future. The restricted stock units granted in respect of the Deferred Bonus Program vest and convert into shares on a one-for-one basis in two years if the senior executive has maintained a satisfactory level of performance during this period, subject to exceptions based on the reasons for the recipient's departure and other specified corporate events. Further details of the restricted stock units and the Deferred Bonus Program are set out in Section 8 below and in the Notice of Meetings for the 2008 AGM.

The CEO is also a participant in this program and, subject to shareholder approval, will receive a grant of restricted stock units in August 2008.

3.2.3 Long–term incentives

(a) EP Bonus Banking mechanism under EP/IP Plan

The EP component of the EP/IP Plan included a Bonus Banking mechanism which was treated as a long-term incentive to keep participants focussed on sustaining Economic Profit performance over a three year term. If the company missed its EP goal in any given year, funds were subtracted from the senior executive's Bonus Bank (if any).

In fiscal year 2008, as a result of the difficult macro economic conditions facing the US housing market, Bonus Bank amounts accrued in fiscal years 2006 and 2007 were reduced to zero.

(b) JHI NV Equity Incentive Plan (Option Plan)

To reinforce executives' alignment with the financial interest of shareholders, James Hardie provided equity-based long-term incentives in the form of share options under the 2001 JHI NV Equity Incentive Plan (Option Plan) for all senior executives other than the Managing Board directors. Award levels were determined based on the Remuneration Committee's review of local market standards and the individual's responsibility, performance and potential to enhance shareholder value. The award levels were converted to a specific number of options using the value of the options on the date of grant based on the Black Scholes option pricing model, with the exercise price set on that date.

The options generally vested 25% on the 1st anniversary of the grant, 25% on the 2nd anniversary date and 50% on the 3rd anniversary date. As the majority of participants are US employees, the company considered that it was appropriate that these options follow normal and customary US grant guidelines and had no performance hurdles.

The details of the Option Plan, and other long-term incentive plans with outstanding equity grants, are set out in section 8 on page 57 of this annual report.

(c) Managing Board long-term incentives under LTIP

In fiscal year 2008, Managing Board directors had a link between their long-term incentives and the performance of the company through options granted under the LTIP. These options are based on two hurdles: the company's Total Shareholder Return (TSR) and Return on Capital Employed (ROCE) performance relative to a peer group, and vest on the anniversary of the issue date (the third anniversary for options with a ROCE hurdle and the fifth anniversary for options with a TSR hurdle). The total value of the options granted was apportioned using the Monte Carlo option pricing model, 50:50 between options with ROCE and TSR performance hurdles.

The purpose of the LTIP was to retain and motivate the Managing Board directors and ensure they make decisions that represent the best interests of shareholders as they drive the company's business forward. The companies that comprise the peer groups for both types of options granted under the LTIP are identified on page 58 of this annual report.

ROCE performance hurdle

ROCE is calculated by dividing earnings before interest and taxes by net capital employed (ie fixed assets plus net working capital). This measures the efficiency with which capital is being used to generate revenue and earnings and provides for a comparison with peer companies' management performance in areas over which the company has control. For the purposes of this calculation, all ROCE components exclude any amounts paid or provided for by way of contribution to the AICF (relating to the company's voluntary compensation for proven asbestos-related personal injury and death claims), and any related foreign currency translation income or expense.

The number of options that vest will depend on the company's ROCE performance relative to the peer group. No options will vest unless the company has achieved at least the 60th percentile relative to comparable companies over the performance period.

TSR performance hurdle

TSR refers to the total shareholder return of a peer group of comparable companies in the S&P/ASX 100. No options will vest unless the company has achieved at least the 50th percentile relative to the comparable companies in the S&P/ASX100 over the performance period.

3.3 At Risk components paid in fiscal year 2008

Details of the "At Risk" compensation including the percentage of the "At Risk" compensation awarded or forfeited in fiscal year 2008 for Managing Board directors and senior executives are set out below. Equity long-term incentive is not included in the table as it does not start to vest until at least 12 months after the grant date and it would only be forfeited during that fiscal year in limited circumstances all of which involve the employee ceasing employment. All amounts shown in this table relating to fiscal year 2008 were paid in June 2008.

	Short-term cash incentive[1]		Long-term Bonus Bank incentive[2]	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Managing Board directors				
Louis Gries	78	22	–	100
Russell Chenu	100	–	N/A	100
Former Managing Board director				
Benjamin Butterfield	–	100	–	100
Senior executives				
Peter Baker	68	32	–	100
Robert Cox	N/A	N/A	N/A	N/A
Mark Fisher	75	25	–	100
Grant Gustafson	48	52	–	100
Brian Holte	51	49	–	100
Nigel Rigby	75	25	–	100
Joel Rood	40	60	–	100
Former senior executives				
Jamie Chilcoff	–	100	–	100
Robert Russell	–	100	–	100

[1] Awarded = % of fiscal year 2008 of STI target actually paid. Includes discretionary cash payment under Deferred Bonus Program in June 2008 which, as stated in section 3.2.2 on page 50, is based on the 2008 STI target and Bonus Bank amounts from fiscal years 2006 and 2007. Forfeited = % of STI target lost.

[2] Awarded = % of possible fiscal year 2008 payment from Bonus Bank amounts accumulated in fiscal year 2006 and fiscal year 2007 actually paid. Forfeited = % of possible payment lost.

DIRECTORS' REPORT

Remuneration Report (continued)

James Hardie Industries NV and Subsidiaries

3.4 At Risk components payable in future years

Details of the minimum and maximum value of the "At Risk" compensation for fiscal year 2008 that may be paid to Managing Board directors and senior executives over future years are set out below. The minimum amount payable is nil in all cases.

	Long-term incentive Bonus Bank (US dollars)		Long-term incentive equity-based[1] (US dollars)				
	2009	2010	2009	2010	2011	2012	2013
Managing Board directors[2]							
Louis Gries	–	–	755,280	755,280	312,458		
Russell Chenu	–	–	114,642	114,642	47,427		
Former Managing Board director							
Benjamin Butterfield	–	–	–	–	–		
Senior executives							
Peter Baker	–	–	21,496	12,256	5,673		
Robert Cox	–	–	–	–	–		
Mark Fisher	–	–	125,391	71,495	33,095		
Grant Gustafson	–	–	100,313	57,196	26,476		
Brian Holte	–	–	112,852	64,345	29,786		
Nigel Rigby	–	–	125,391	71,495	33,095		
Joel Rood	–	–	112,852	64,345	29,786		
Former senior executives							
Jamie Chilcoff[3]	–	–	–	–	–		
Robert Russell[4]	–	–	87,774	50,046	–		

[1] Represents annual SG&A expense for the aggregate fiscal year 2008 and stock option award fair market value estimated using the Black-Scholes (for the senior executives) or Monte Carlo (for the Managing Board) option-pricing model depending on the plan the options were issued under.

[2] The Managing Board directors received performance options in FY 2008 (calendar year 2007). Since these are expensed whether or not they ever vest, they are recorded here.

[3] Options granted in fiscal year 2008 expired on 26 May 2008.

[4] Under the terms of his separation agreement, all vested options at the time of his separation will expire on 17 January 2010.

4. NOT AT RISK REMUNERATION IN FISCAL YEAR 2008

"Not at Risk" remuneration comprises base salary, non-cash benefits, defined contribution retirement plan and superannuation.

4.1 Base salaries

James Hardie provides base salaries to attract and retain executives who are critical to the company's long-term success. The base salary provides a guaranteed level of income that recognises the market value of the position and internal equities between roles, and the individual's capability, experience and performance. Base pay for executives is positoned around the market median and is generally targeted at the median salary for positions of similar responsibility in peer groups. Base salaries are reviewed each year, although increases to them are not automatic.

4.2 Non-cash benefits

James Hardie's executives may receive non-cash benefits such as medical and life insurance benefits, car allowances, membership of executive wellness programs, long service leave and tax services to prepare their income tax returns if they are required to lodge returns in multiple countries.

4.3 Retirement Plans/Superannuation

In every country in which it operates, the company offers employees access to pension, superannuation or individual retirement savings plans.

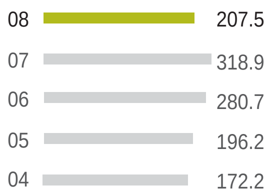
5. LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE IN FISCAL YEAR 2008

5.1 Company performance

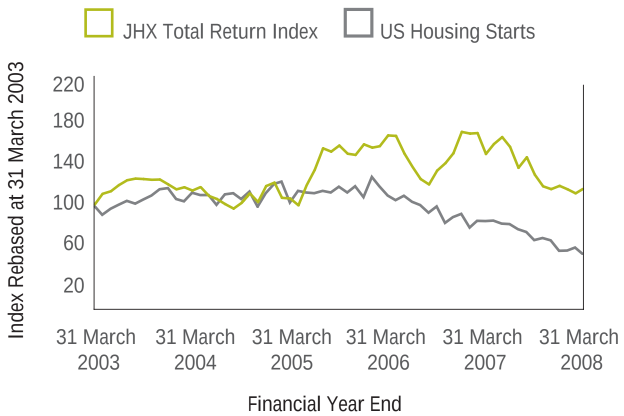
James Hardie's five-year EBIT in US$ terms (ex asbestos adjustments) and five-year total shareholder return (including dividends and capital returns) mapped against changes to US housing starts are shown in the two graphs below:

Five year EBIT (ex asbestos) growth

(Millions of US dollars)



JHX Total Return Index vs US housing starts



Graph compiled by Mercer (Australia) Pty Ltd using publicly available data. Note: Mercer (Australia) Pty Ltd provides no opinion on the veracity of the data.

Note: Past stock performance is not necessarily an indicator of future performance.

As shown in the table at section 2.1 on page 47 of this annual report, a significant proportion of the remuneration for the CEO and senior executives is "At Risk" remuneration. The company's remuneration arrangements aim to ensure a direct link between the performance of the company and bonuses paid and equity awarded.

In fiscal year 2008, the company was heavily affected by the macro economic conditions facing the entire housing industry in the United States. In the US, the housing market deteriorated in all four quarters of fiscal year 2008 and the last two quarters of fiscal year 2007. New housing starts were down 37% from fiscal year 2007 and 55% from their peak in fiscal year 2006.

In the face of these conditions, the company's USA Fibre Cement business continued to outperform the broader housing market for fiscal year 2008, with revenue down only 9% and sales volume down only 11%. At the same time, in spite of the dramatic downturn in the US housing market in fiscal year 2008, the USA Fibre Cement business was still able to hold price and deliver an EBIT margin of 27.4%. The USA Fibre Cement business still accounted for 82% of total company profit and 78% of total company sales.

These results were achieved mainly through the successful execution of the company's primary demand growth strategies to achieve further market penetration at the expense of alternative materials such as wood and vinyl, driving stronger volume, and its continued success in introducing higher margin products (such as the ColorPlus® collection of products), driving stronger revenue. This out-performance of the market has existed for a number of years.

5.2 Market effect on remuneration in fiscal year 2008

The EP goal for the EP component of the EP/IP Plan was set in 2006. The target setting did not anticipate the negativ e US housing market growth in fiscal 2008. Therefore, the company did not achieve the target growth in Economic Profit in fiscal year 2008 and no payments were made under the EP component of the EP/IP Plan.

As a result:

– payments under the corporate component of the short-term incentive plan were nil;

– all eligible employees forfeited their entire long-term incentive cash payments accumulated in fiscal years 2006 and 2007;

– all options issued under the company's long-term incentive plans ended the year substantially below their exercise price; and

– the options issued to Managing Board directors ended the last fiscal year less likely to vest as the strong performance of comparative Australian companies, in particular resources stocks, was in stark contrast to the performance of companies exposed to the US housing market.

6. REVIEW OF EXECUTIVE REMUNERATION

The composition of remuneration is evaluated by the Remuneration Committee every year to make sure that it continues to achieve the objectives of the remuneration policy. Changes to the composition of remuneration and, if applicable, the remuneration policy itself, are recommended to the Supervisory Board from time to time.

The Remuneration Committee and Supervisory Board reviewed the company's performance in relation to its US peers in light of the overall economic environment and determined that the company had generally done a superior job of delivering relatively strong results in the current US housing market.

In particular, the Supervisory Board considered that the company's continued out-performance of the market through six consecutive quarters of deterioration in the US housing market reflected well on the strategies set and implemented by management.

The Supervisory Board believes that the company's formal "At Risk" short and long-term incentive plans were not delivering the objectives of the remuneration policy as they did not provide senior executives with rewards reflecting this performance during fiscal year 2008. In particular:

– the EP component of the EP/IP Plan assumed an external growth environment that was predictable;

– the EP component of the EP/IP Plan did not recognise or measure performance that took account of volatile external market conditions and declines or growth in US housing starts (uncontrollable external factors) were bigger determinants in the size of incentive payouts than the company's actual performance; and

– the forfeiture of the Bonus Bank from previous years meant the company had few retention mechanisms in place for its senior executives at the very time that it was most desirous of retaining these employees.

After carefully assessing the senior executives' response to and performance in the extreme market conditions described in section 5.1 above, the Supervisory Board concluded that executives' performance was of such a standard that, in this instance, an exceptional discretionary bonus was justified, and implemented the Deferred Bonus Program. To optimise senior executive retention and align them with shareholder interests, only one third of the bonus was paid as cash in June 2008 and two thirds was granted as restricted stock units, also in June 2008, with a two year vesting period resulting in vesting of shares equal to the number of RSUs in June 2010 if the recipient maintains satisfactory level of performance during this period.

Further details of the Deferred Bonus Program are set out in section 3.2.2 on page 50 of this annual report.

Before finalising its fiscal year 2009 executive remuneration arrangements, the Remuneration Committee and Supervisory Board asked Towers Perrin and Guerdon Associates to assist them to review the competitiveness, appropriateness and effectiveness of all aspects of executive remuneration. Following their reviews, the Remuneration Committee and Supervisory Board resolved to amend the company's remuneration arrangements for fiscal year 2009 by:

– introducing a new short-term incentive plan focussed on separate EBIT goals depending on the executive's division;

– temporarily transferring a portion of LTI target to STI target, with this portion provided in restricted stock units instead of cash; and

– providing a long-term incentive equity grant of performance restricted stock units that delivers a grant of shares if the company's three to five year relative TSR is superior to a peer group of other companies exposed to the US building materials market.

In making these decisions, the Supervisory Board noted that if the EP/IP Plan had remained in place during fiscal year 2009, even if the company continued to outperform the market but the US housing market deteriorated further, management was unlikely to receive any payments under the corporate component of the EP/IP Plan.

The Remuneration Committee believes that these initiatives respond appropriately to the substantial amount of uncertainty and volatility in the US housing market.

The Remuneration Committee is also investigating executive remuneration design alternatives that promise to remain robust and valid beyond 2009.

The changes to remuneration for fiscal year 2009 are described in more detail in section 7 on page 55 of this annual report.

7. REMUNERATION FOR FISCAL YEAR 2009

7.1 Changes to compensation mix for fiscal year 2009

In order to focus management on dealing with the volatility in the US market, the Supervisory Board has resolved that 70% of each senior executive's LTI target will be transferred to the STI target under the Executive Incentive Program for fiscal year 2009. This decision also responds to the practical difficulty of setting valid longer-term targets in a volatile market.

However, to ensure that the longer term interests of shareholders remain aligned with executives, the enlarged STI target attributable to the transfer of 70% of the LTI target in fiscal year 2009 will be rewarded in restricted stock units with a two year vesting period vesting in June 2011.

The remaining 30% of each senior executive's LTI target will be based on the company's relative TSR performance over a three to five year period against a peer group of other companies exposed to the US building materials market.

The Supervisory Board considers this transfer of LTI target to STI target to be a one-off reponse to the macro economic conditions facing the entire housing industry in the United States. It is the intent of the Supervisory Board to have the senior executive compensation mix revert back to a greater focus on long-term results once the US housing market has stabilised.

7.2 At Risk remuneration for fiscal year 2009

7.2.1 Overview of At Risk components for fiscal year 2009

Following its review of the existing remuneration plans, the Remuneration Committee and Supervisory Board resolved that the following "At Risk" incentive plans will be in place for fiscal year 2009:

Duration	Plan Name	Further Details
Short-Term Incentive	Executive Incentive Program	Section 7.2.2.1 (a) below
	Individual Performance Plan (IP Plan)	Section 7.2.2.1 (b) below
Long Term Incentive	Executive Incentive Program with vesting deferred for a further two years	Section 7.1 above and Section 7.2.2.1(a) below
	LTIP for senior executives and Managing Board directors with relative TSR performance hurdles	Section 7.2.2.2 below

The EP component of the old EP/IP Plan was specifically designed to reward progressive improvement in the drivers of shareholder value in an external growth environment that was predictible. The Supervisory Board and Remuneration Committee recognised that the EP component of the EP/IP Plan was not suitable in times of exceptional external market volatility and unpredictability and, on the advice of the Remuneration Committee, terminated this component for fiscal year 2009 and beyond.

Instead, the company has introduced the new Executive Incentive Program and IP Plan. Both Managing Board directors and senior executives will receive equity long-term incentives under the Executive Incentive Program (with vesting of the restricted stock units deferred for two years) and the Relative TSR Plan.

7.2.2 Details of At Risk components for fiscal year 2009

7.2.2.1 Short-term incentives

Excluding the one-off allocation of LTI to the Executive Incentive Program, the STI target for the Managing Board directors and other senior executives other than the CFO and EVP– Asia Pacific will continue to be allocated 80% towards corporate goals (Executive Incentive Program) and 20% towards individual goals (IP Plan).

(a) Executive Incentive Program

Change to compensation mix

For the reasons described in Section 7.1 above, the STI target will be increased in fiscal year 2009 by transferring 70% of LTI target. This will enhance senior executive focus on the immediate issues and opportunities associated with the US housing downturn, while also acknowledging the difficulty in setting long-term targets with the market in its current state.

Any STI payment based on this amount transferred to the STI target will, at the conclusion of fiscal year 2009, be received in restricted stock units with an additional two-year vesting period. This will maintain alignment with longer term shareholder interests and retain strongly performing senior executives. The remainder of the STI payment will be paid in full in cash within three months of the end of the fiscal year.

Description

The Executive Incentive Program will reward management based on performance against EBIT goals adopted at the start of the fiscal year. Each EBIT goal for fiscal year 2009 was derived internally based on the current business environment and outlook. The Audit Committee reviewed and discussed the EBIT goals with the Remuneration Committee before they were approved by the Supervisory Board.

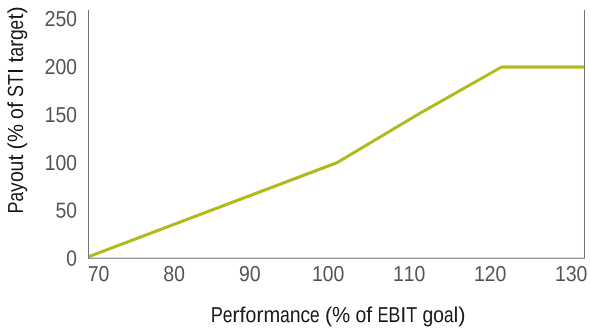
Participating employees will have one of three EBIT goals, depending in their function and location:

- US participants will have an EBIT goal based on the EBIT of the US business in US$. The EBIT goal will be indexed up or down depending on whether US housing starts increase or decrease;
- Managing Board directors and corporate staff will have an EBIT goal based on JHI NV's consolidated results in US$, with the US component calculated and indexed in the same manner as for US participants; and
- Asia Pacific participants will have an EBIT goal based on the performance of the Asia Pacific region.

All other strategic, financial and individual objectives will be measured under the IP Plan.

Participants may earn between 0% and 200% of their enlarged STI target, depending on performance. Payments will commence on a sliding scale paying nil at 70% of the EBIT goal; 100% of STI target if the EBIT goal is reached; and extra rewards for out-performance, capping out at 200% of STI target if 120% of the EBIT goal is achieved, based on the payout schedule below:

Executive Incentive Program payout schedule



In implementing the Executive Incentive Program, the Supervisory Board had a strong desire to design a plan that would not be overly punitive or generous due to external factors. It noted that the US housing market was highly cyclical and currently experiencing a high level of uncertainty and volatility which made forecasting difficult. Given these conditions, the Supervisory Board proposed to index the EBIT goal for US participants (and for the US business part of the EBIT goal for the Managing Board directors and corporate executives) to US housing starts. The EBIT goal will be adjusted based on the degree that US housing starts vary from the initial estimate used to set the EBIT goal.

The Supervisory Board considers this to be appropriate as it protects the company against windfall payments if housing starts are greater than anticipated and provides appropriate incentive opportunities if housing starts are lower than anticipated.

Worked Example

The following example of how the Executive Incentive Program operates assumes an LTI target of US$1,800,000 and an STI target of US$900,000 (the CEO's fiscal year 2009 LTI and STI targets) and performance at 110% of EBIT goal. 70% of the LTI target and 80% of the STI target are tested based on performance under the Executive Incentive Program. Based on 110% of the EBIT goal, the CEO would receive 150% of the STI target, as follows:

– 80% x US$900,000 x 150% = US$1,080,000 to be paid in cash in May or June 2009.

– 70% x US$1,800,000 x 150% = US$1,890,000 to be settled in RSUs in May or June 2009. At a value of US$6/share this is equivalent to 315,000 RSUs.

After an additional two year vesting period, when the RSUs vest in 2011, they could be worth:

– 315,000 RSUs x US$4/share = US$1,260,000

– 315,000 RSUs x US$8/share = US$2,520,000

2009 LTI target	x	70%[1]	x	Payout based on performance against EBIT goal	=	Value to be received as 2-year vesting RSUs
2009 STI target	x	80%[2]	x		=	Value to be received in cash

[1] Being amount of LTI target transferred to STI target under the Executive Incentive Program.

[2] Being amount of STI target under the Executive Incentive Program.

The main difference between the new Executive Incentive Program and the old EP/IP Plan is that if housing starts improve sooner than expected, the EBIT goal will also increase. In addition, unlike the prior EP/IP Plan, total payouts under the Executive Incentive Program will be capped.

Further details of the Executive Incentive Program will be contained in the company's fiscal year 2009 Remuneration Report.

(b) Individual Performance Plan (IP Plan)

The termination of the EP/IP Plan included the termination of the IP component of that plan. The new IP Plan follows the same format as the old IP component of the EP/IP Plan. The separation of the old IP component into a separate Plan will allow the Remuneration Committee to respond to changes in the company's environment in the future without terminating both plans. Payments under the IP Plan will be capped.

7.2.2.2 Long-term incentive

Relative TSR RSUs

The Remuneration Committee and Supervisory Board continue to believe that a relative performance measure of total shareholder return is an important component of a long-term equity incentive plan.

For fiscal year 2009 the company will replace the ASX100 peer group with a peer group of other companies exposed to the US building materials market. The peer group is:

Acuity Brands, Inc	Eagle Materials, Inc	Headwaters, Inc
Lennox International, Inc	Louisiana-Pacific Corp.	Martin Marietta Materials, Inc
Masco Corporation	MDU Resources Group, Inc	Mueller Water Products, Inc
NCI Building Systems, Inc	Owens Corning	Quanex Building Products Corp.
Sherwin Williams	Simpson Manufacturing Co.	Texas Industries, Inc
Trex	USG	Valmont Industries
Valspar Corporation	Vulcan Materials	Watsco, Inc

Each Relative TSR RSU will vest upon satisfaction of performance hurdles described below:

Performance against peer group	% of Relative TSR RSUs vested
< 50th Percentile	0%
50th Percentile	33%
51st – 74th Percentile	Sliding scale
≥ 75th Percentile	100%

The performance hurdle will be tested after three years from the grant date and retested at the end of each six month period following the third anniversary until the fifth anniversary (with each re-test extending the measurement period by a further six months such that re-testing at the fifth anniversary will be measured over a five year period). Any RSUs that have not vested after that time will lapse.

This re-testing reflects the fact that the company's share price can be subject to short-term fluctuations relating to public comment and disclosures on asbestos-related matters by other companies with asbestos exposures, members of the media and others. In addition, it extends the motivational potential of the plan from three to five years.

Further details of the Relative TSR RSUs and Relative TSR Plan are set out in Section 8 below and in the 2008 Notice of Meetings.

7.3 Not At Risk remuneration for fiscal year 2009

No significant changes to "Not at Risk" remuneration are planned for fiscal year 2009.

8. KEY TERMS OF OUTSTANDING EQUITY GRANTS

2001 JHI NV Equity Incentive Plan (Option Plan)	Annual grants made in December 2001, 2002, 2003, 2004 and 2005, November 2007 and December 2007.
	Off-cycle grants made to senior US executives on 19 October 2001 in exchange for the termination of shadow stock awards, previously granted in November 1999 and 2000, and to new employees in March 2007.
Offered to	Senior executives, not Managing Board directors.
Vesting schedule	25% of options vest on the 1st anniversary of the grant; 25% vest on the 2nd anniversary date and 50% vest on the 3rd anniversary date.
Expiration date	10th anniversary of each grant.

2005 Managing Board Transitional Stock Option Plan (MBTSOP)	Granted on 22 November 2005.
Offered to	Managing Board directors (CEO, CFO and Company Secretary and General Counsel).
Performance period	22 November 2005 to 22 November 2008.
Retesting	Yes, on the last Business Day of each six month period following the Third Anniversary and before the Fifth Anniversary.
Exercise period	Until November 2015.

Performance condition	TSR performance hurdle compared to a peer group of companies in the S&P/ASX 200 Index on the grant date excluding the companies listed in the 200 Financials and 200 Property Trust indices. *Vesting criteria* – 0% of performance rights vest if the company's TSR is below the 50th percentile of the peer group. – 50% of performance rights vest if the company's TSR is at the 50th percentile of the peer group. – Between 50th and 75th percentile, vesting is on a straight line basis with the company's ranking against the peer group (+2% for each percentile over the 50th percentile of the peer group). – 100% of performance rights vest if the company's TSR is in at least the 75th percentile of the peer group.

James Hardie Industries Long Term Incentive Plan 2006 (LTIP)	Granted on 21 November 2006 and August 2007.
Offered to	Managing Board directors (CEO, CFO and Company Secretary and General Counsel).
Performance period	3 years to 5 years from the grant date.
Retesting	Yes, for the TSR tranche only, on the last Business Day of each six month period following the Third Anniversary and before the Fifth Anniversary.
Exercise period	Until 5 years from the grant date.
Performance condition	*For the ROCE tranche:* ROCE performance against the following global peer group of building materials companies in USA, Europe and Australia specialising in building materials: Boral Limited, Valspar Corporation, Hanson plc, Rinker Group Limited (2006 grant only), Weyerhaeuser, Lafarge SA, CSR Limited, Cemex SA de CV, Nichihia Corp, Fletcher Building Limited, Martin Marietta Materials Inc, Saint Gobain, Eagle Materials Inc, Texas Industries, Wienerberger AG, Lousiana-Pacific Corporation, Florida Rock Industries Inc, CRH plc, USG Corporation, Vulcan Materials Co and The Siam Cement Plc. *For the TSR tranche:* TSR performance against a peer group of comparable companies in the S&P/ASX 100 at the time of grant and excluding financial institutions, insurance companies, property trusts, oil and gas producers and mining companies and be adjusted to take into account additions and deletions to S&P/ASX 100 during the relevant period.
Vesting criteria	*For the ROCE tranche:* – 0% of the options vest if the company's ROCE is not at the 60th percentile of the peer group. – 50% of the options vest if the company's ROCE is at the 60th percentile of the peer group. – Between the 60th and 85th percentile, vesting is on a straight line basis with the company's ranking against the peer group (+2% for each percentile over the 60th percentile of the peer group). – 100% of the options vest if the company's performance is in at least the 85th percentile of the peer group. *For the TSR tranche:* – 0% of performance rights vest if the company's TSR is below the 50th percentile of the peer group. – 50% of performance rights vest if the company's TSR is at the 50th percentile of the peer group.
	– Between 50th and 75th percentile, vesting is on a straight line basis with the company's ranking against the peer group (+2% for each percentile over the 50th percentile of the peer group).
	– 100% of performance rights vest if the company's TSR is in at least the 75th percentile of the peer group.

Deferred Bonus Program (Restricted Stock Units (RSUs)	One-off grant made in June 2008. Grant to CEO will be made in August 2008 subject to shareholder approval at the 2008 AGM.
Offered to	Senior executives and CEO but not other Managing Board directors.
Option Exercise Price	Nil
Vesting schedule	100% vest on the 2nd anniversary of the grant
Expiration date	On vesting, the RSUs convert into shares granted on a one-for-one basis.

Details of equity incentive plans that expired during fiscal year 2008 are provided in Note 16 to the consolidated financial statements, starting on page 109 of this annual report.

9. REMUNERATION TABLES FOR MANAGING BOARD DIRECTORS AND SENIOR EXECUTIVES

9.1 Total remuneration for Managing Board directors for the years ended 31 March 2008 and 2007

Details of the remuneration of each Managing Board director of James Hardie are set out below:

(US dollars)	Primary			Post-employment	Equity	Other		
Name	Base Pay	Bonuses[1]	Noncash Benefits[2]	Super-annuation and 401(k) Benefits	Stock Appreciation Rights and Options[3]	Relocation Allowances, Expatriate Benefits, and Other Non-recurring	Severance	Total
Managing Board directors								
Louis Gries								
Fiscal year 2008	$ 836,763	$ 659,033	$ 143,477	$ 24,741	$ 1,588,941	$ 161,380	$ –	$ 3,414,335
Fiscal year 2007	786,612	1,738,430	72,317	14,287	755,110	121,498	–	3,488,254
Russell Chenu								
Fiscal year 2008	712,430	238,851	44,032	63,238	223,959	133,451	–	1,415,961
Fiscal year 2007	596,181	200,161	57,628	57,776	101,282	79,849	–	1,092,877
Former Managing Board director								
Benjamin Butterfield[4]								
Fiscal year 2008	168,470	–	61,702	–	260,028	61,430	335,323	886,953
Fiscal year 2007	322,497	466,516	61,598	13,200	206,351	111,160	–	1,181,322
Total Remuneration for Managing Board directors								
Fiscal year 2008	$ 1,717,663	$ 897,884	$ 249,211	$ 87,979	$ 2,072,928	$ 356,261	$ 335,323	$ 5,717,249
Fiscal year 2007	$ 1,705,290	$ 2,405,107	$ 191,543	$ 85,263	$ 1,062,743	$ 312,507	$ –	$ 5,762,453

[1] Bonuses in respect of each fiscal year are paid in June of the following fiscal year. The amount in fiscal year 2008 includes all incentive amounts earned in respect of fiscal year 2008 and the cash component of the Deferred Bonus Program. See section 3.2.1 and 3.2.2 for a summary of the terms of our EP/IP Plan and Deferred Bonus Program, respectively.

[2] Includes the aggregate amount of all noncash benefits received by the executive in the year indicated. Examples of noncash benefits that may be received by our executives include medical and life insurance benefits, car allowances, membership in executive wellness programs and tax services.

[3] Options are valued using either the Black-Scholes option-pricing model or the Monte Carlo option-pricing method, depending on the plan the options were issued under, and the fair value of options granted are included in compensation during the period in which the options vest. For the Black-Scholes model, the weighted average assumptions and weighted average fair value used for grants in fiscal year 2008 were as follows: 5.0% dividend yield; 30.0% expected volatility; 3.4% risk free interest rate; 4.4 years of expected life; and A$1.13 weighted average fair value at grant date. For the Monte Carlo method, the weighted average assumptions and weighted average fair value used for grants in fiscal year 2008 were as follows: 5.0% dividend yield; 32.1% expected volatility; 4.2% risk free interest rate; and A$3.14 weighted average fair value at grant date. The figures stated here for Mr Gries include Stock Appreciation Rights. In December 2007, the remaining Stock Appreciation Rights vested and were exercised.

[4] Mr Butterfield separated from the company effective 1 October 2007. Severance amount includes lump sum cash payment of US$335,323. In addition, as part of his severance benefits, Mr Butterfield entered into a two-year consulting agreement, under which he will be paid a consulting fee equivalent to his current annual salary, at the time of his separation, on a monthly basis for up to a period of 24 months provided that the consulting agreement is not terminated earlier in accordance with its terms.

DIRECTORS' REPORT

Remuneration Report (continued)

James Hardie Industries NV and Subsidiaries

9.2 Total remuneration for senior executives for the years ended 31 March 2008 and 2007

Details of the remuneration of each senior executive of James Hardie are set out below:

(US dollars)	Primary			Post-employment	Equity	Other		
Name	Base Pay	Bonuses[1]	Noncash Benefits[2]	Super-annuation and 401(k) Benefits	Options[3]	Relocation Allowances, Expatriate Benefits, and Other Non-recurring[4]	Severance	Total
Senior executives								
Peter Baker[5]								
Fiscal year 2008	$ 341,244	$ 57,958	$ 6,728	$ 30,712	$ 51,296	$ –	$ –	$ 487,938
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert Cox[6]								
Fiscal year 2008	86,538	–	2,332	2,077	–	65,502	–	156,449
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Fisher								
Fiscal year 2008	326,510	136,890	25,505	11,958	299,823	–	–	800,686
Fiscal year 2007	301,538	346,849	24,044	13,408	295,748	–	–	981,587
Grant Gustafson								
Fiscal year 2008	313,077	82,811	29,446	12,681	164,951	29,655	–	632,621
Fiscal year 2007	254,808	142,914	18,896	11,619	55,046	104,913	–	588,196
Brian Holte[5]								
Fiscal year 2008	315,000	88,191	36,387	10,177	192,783	71,072	–	713,610
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nigel Rigby								
Fiscal year 2008	326,510	136,890	34,307	–	299,823	12,418	–	809,948
Fiscal year 2007	301,538	350,488	22,673	–	282,435	–	–	957,134
Joel Rood[5]								
Fiscal year 2008	315,000	69,300	37,827	–	190,408	3,879	–	616,414
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former senior executives								
Jamie Chilcoff[7]								
Fiscal year 2008	299,646	–	41,966	9,611	290,804	42,586	–	684,613
Fiscal year 2007	310,961	373,192	44,136	12,842	277,998	–	–	1,019,129
Robert Russell[8]								
Fiscal year 2008	258,929	–	50,935	13,298	286,294	75,778	83,635	768,869
Fiscal year 2007	301,538	359,235	48,159	13,408	295,748	6,058	–	1,024,146
Total remuneration for senior executives								
Fiscal year 2008	$ 2,582,454	$ 572,040	$ 265,433	$ 90,514	$ 1,776,182	$ 300,890	$ 83,635	$ 5,671,148
Fiscal year 2007	$ 1,470,383	$ 1,572,678	$ 157,908	$ 51,277	$ 1,206,975	$ 110,971	$ –	$ 4,570,192

[1] Bonuses in respect of each fiscal year are paid in June of the following fiscal year. The amount in fiscal year 2008 includes all incentive amounts earned in respect of fiscal year 2008 and the cash component of the Deferred Bonus Program. See section 3.2.1 and 3.2.2 for a summary of the terms of our EP/IP Plan and Deferred Bonus Program, respectively.

[2] Includes the aggregate amount of all noncash benefits received by the executive in the year indicated. Examples of noncash benefits that may be received by our executives include medical and life insurance benefits, car allowances, membership in executive wellness programs, long service leave, and tax services.

[3] Options are valued using the Black-Scholes model and the fair value of options granted are included in compensation during the period in which the options vest. The weighted average assumptions and weighted average fair value used for grants in fiscal year 2008 were as follows: 5.0% dividend yield; 30.0% expected volatility; 3.4% risk free interest rate; 4.4 years of expected life; and A$1.13 weighted average fair value at grant date.

[4] Other non-recurring includes cash paid in lieu of vacation accrued, as permitted under the company's US vacation policy and California law.

[5] Messrs Baker, Holte and Rood were not executives for whom the company reported remuneration in fiscal year 2007.

[6] Mr Cox joined the company on 14 January 2008 and became a member of the Managing Board effective 7 May 2008.

[7] Mr Chilcoff separated from the company effective 25 February 2008. Mr Chilcoff entered into a two-year consulting agreement, under which he will be paid a consulting fee equivalent to his current annual salary, at the time of his separation, on a monthly basis for up to a period of 24 months provided that the consulting agreement is not terminated earlier in accordance with its terms. Mr Chilcoff received cash of US$36,304 as payment for his accrued vacation time and this is recorded as Other Non-Recurring in this table.

[8] Mr Russell separated from the company effective 18 January 2008. Severance amount includes post-employment consulting fees and health insurance benefits paid in fiscal year 2008. As part of his separation benefits, Mr Russell entered into a two-year consulting agreement, under which he will be paid a consulting fee equivalent to his current annual salary, at the time of his separation, on a monthly basis for up to a period of 24 months provided that the consulting agreement is not terminated earlier in accordance with its terms. Mr Russell will also receive health insurance benefits up to 18 months following his separation date. The exercise period for his vested options was extended until the end of his post-employment consulting agreement with the company. Mr Russell received cash of US$67,726 as payment for his accrued vacation time and this is recorded as Other Non-Recurring in this table.

9.3 Equity Holdings for the years ended 31 March 2008 and 2007

9.3.1 Options granted to Managing Board directors

Name	Grant Date	Exercise Price per right (A$)	Holding at 1 April 2007	Granted	Total Value at Grant[1] (US$)	Vested	Exercised	Value at Exercise per right[2] (US$)	Lapsed	Value at Lapse per right[3] (US$)	Holding at 31 March 2008	Weighted Average Fair Value per right[4]
Managing Board directors												
Louis Gries	19 Oct 01	3.1321	40,174	200,874	71,732	200,874	160,700	1.98	–	–	40,174	0.3571
	19 Oct 01	3.0921	175,023	437,539	168,321	437,539	262,516	2.11	–	–	175,023	0.3847
	17 Dec 01	5.0586	324,347	324,347	137,296	324,347	–	–	–	–	324,347	0.4233
	3 Dec 02	6.4490	325,000	325,000	210,633	325,000	–	–	–	–	325,000	0.6481
	5 Dec 03	7.0500	325,000	325,000	338,975	325,000	–	–	–	–	325,000	1.0430
	22 Nov 05	8.5300	1,000,000	1,000,000	2,152,500	–	–	–	–	–	1,000,000	2.1525
	21 Nov 06	8.4000	415,000	415,000	888,100	–	–	–	–	–	415,000	2.1400
	21 Nov 06	8.4000	381,000	381,000	1,131,570	–	–	–	–	–	381,000	2.9700
	29 Aug 07	7.8300	–	445,000	965,650	–	–	–	–	–	445,000	2.1700
	29 Aug 07	7.8300	–	437,000	1,302,260	–	–	–	–	–	437,000	2.9800
Russell Chenu	22 Feb 05	6.3000	93,000	93,000	107,973	93,000	–	–	–	–	93,000	1.1610
	22 Nov 05	8.5300	90,000	90,000	193,725	–	–	–	–	–	90,000	2.1525
	21 Nov 06	8.4000	65,000	65,000	139,100	–	–	–	–	–	65,000	2.1400
	21 Nov 06	8.4000	60,000	60,000	178,200	–	–	–	–	–	60,000	2.9700
	29 Aug 07	7.8300	–	60,000	130,200	–	–	–	–	–	68,000	2.1700
	29 Aug 07	7.8300	–	60,000	178,800	–	–	–	–	–	66,000	2.9800
Former Managing Board director												
Benjamin	22 Feb 05	6.3000	180,000	180,000	208,980	90,000	90,000	–	90,000	–	–	1.1610
Butterfield	22 Nov 05	8.5300	230,000	230,000	495,075	–	–	–	–	–	230,000	2.1525
	21 Nov 06	8.4000	–	110,000	235,400	–	–	–	–	–	110,000	2.1400
	21 Nov 06	8.4000	–	101,000	299,970	–	–	–	–	–	101,000	2.9700

[1] Total Value at Grant = Weighted Average Fair Value per right multiplied by number of rights granted.

[2] Value at Exercise/right = Value Market Value of a share of the company's stock at Exercise less the Exercise price per right.

[3] Value at Lapse/right = Fair Market Value of a share of the company's stock at Lapse less the Exercise price per right.

[4] Weighted Average Fair Value per right is estimated on the date of grant using the Black-Scholes option-pricing model or Monte Carlo option-pricing method, depending on the plan the options were issued under.

DIRECTORS' REPORT

Remuneration Report (continued)

James Hardie Industries NV and Subsidiaries

9.3.2 Options granted to senior executives

Name	Grant Date	Exercise Price per right (A$)	Holding at 1 April 2007	Granted	Total Value at Grant[1] (US$)	Vested	Exercised	Value at Exercise per right[2] (US$)	Lapsed	Value at Lapse per right[3] (US$)	Holding at 31 March 2008	Weighted Average Fair Value per right[4]
Senior executives												
Peter Baker	1 Dec 05	8.9000	40,000	40,000	81,292	20,000	–	–	–	–	40,000	2.0323
	21 Nov 06	8.4000	27,500	27,500	50,501	6,875	–	–	–	–	27,500	1.8364
	10 Dec 07	6.3800	–	47,619	47,157	–	–	–	–	–	47,619	0.9903
Mark Fisher	19 Oct 01	3.1321	–	40,174	14,346	40,174	40,174	2.11	–	–	–	0.3571
	19 Oct 01	3.0921	92,113	92,113	35,436	92,113	–	–	–	–	92,113	0.3847
	17 Dec 01	5.0586	68,283	68,283	28,904	68,283	–	–	–	–	68,283	0.4233
	3 Dec 02	6.4490	74,000	74,000	47,959	74,000	–	–	–	–	74,000	0.6481
	5 Dec 03	7.0500	132,000	132,000	137,676	132,000	–	–	–	–	132,000	1.0430
	14 Dec 04	5.9900	180,000	180,000	183,276	180,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	190,000	190,000	386,137	95,000	–	–	–	–	190,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	39,625	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	–	277,778	275,064	–	–	–	–	–	277,778	0.9903
Grant Gustafson	21 Nov 06	8.4000	158,500	158,500	291,069	–	–		–		158,500	1.8364
	10 Dec 07	6.3800	–	222,222	220,066	–	–	–	–	–	222,222	0.9903
Brian Holte	27 Mar 07	8.3500	151,400	151,400	292,187	37,850	–		–		151,400	1.9299
	10 Dec 07	6.3800	–	250,000	247,575	–	–	–	–	–	250,000	0.9903
Nigel Rigby	17 Dec 01	5.0586	20,003	20,003	8,467	20,003	–	–	–	–	20,003	0.4233
	3 Dec 02	6.4490	27,000	27,000	17,499	27,000	–	–	–	–	27,000	0.6481
	5 Dec 03	7.0500	33,000	33,000	34,419	33,000	–	–	–	–	33,000	1.0430
	14 Dec 04	5.9900	180,000	180,000	183,276	180,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	190,000	190,000	386,137	95,000	–	–	–	–	190,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	39,625	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	–	277,778	275,084	–	–	–	–	–	277,778	0.9903
Joel Rood	13 Mar 07	8.9000	146,500	146,500	292,473	36,625	–		–		146,500	1.9964
	10 Dec 07	6.3800	–	250,000	247,575	–	–	–	–	–	250,000	0.9903
Former senior executives												
Jamie Chilcoff	19 Oct 01	3.1321	–	40,174	14,346	40,174	40,174	4.15	–	–	–	0.3571
	19 Oct 01	3.0921	–	92,113	35,436	92,113	92,113	4.18	–	–	–	0.3847
	17 Dec 01	5.0586	–	68,283	28,904	68,283	68,283	2.67	–	–	–	0.4233
	3 Dec 02	6.4490	–	111,000	71,939	111,000	111,000	1.61	–	–	–	0.6481
	14 Dec 04	5.9900	135,000	180,000	183,276	180,000	45,000	1.96	–	–	135,000	1.0182
	1 Dec 05	8.9000	190,000	190,000	386,137	95,000	–	–	95,000	–	95,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	39,625	–	–	118,875	–	39,625	1.8364
	10 Dec 07	6.3800	–	222,222	220,066	–	–	–	222,222	–	–	0.9903
Robert Russell	19 Oct 01	3.1321	–	40,174	14,346	40,174	40,174	2.82	–	–	–	0.3571
	19 Oct 01	3.0921	–	138,170	53,154	138,170	138,170	3.08	–	–	–	0.3847
	17 Dec 01	5.0586	–	68,283	28,904	68,283	68,283	0.99	–	–	–	0.4233
	3 Dec 02	6.4490	–	111,000	71,939	111,000	111,000	1.46	–	–	–	0.6481
	5 Dec 03	7.0500	66,000	132,000	137,676	132,000	66,000	0.99	–	–	66,000	1.0430
	14 Dec 04	5.9900	45,000	180,000	183,276	180,000	45,000	1.82	–	–	135,000	1.0182
	1 Dec 05	8.9000	190,000	190,000	386,137	95,000	–	–	95,000	–	95,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	39,625	–	–	118,875	–	39,625	1.8364
	10 Dec 07	6.3800	–	194,444	192,558	–	–	–	194,444	–	–	0.9903

[1] Total Value at Grant = Weighted Average Fair Value per right multiplied by number of rights granted.
[2] Value at Exercise/right = Value Market Value of a share of the company's stock at Exercise less the Exercise price per right.
[3] Value at Lapse/right = Fair Market Value of a share of the company's stock at Lapse less the Exercise price per right.
[4] Weighted Average Fair Value per right is estimated on the date of grant using the Black-Scholes option-pricing model.

9.3.3 Managing Board directors' relevant interests in JHI NV

Changes in current and former Managing Board directors' relevant interests in JHI NV securities between 1 April 2007 and 31 March 2008 are set out below:

	CUFS at 1 April 2007	CUFS at 31 March 2008	Options at 1 April 2007	Options granted 29 August 2007	Options at 31 March 2008
Managing Board directors					
Louis Gries	127,675	127,675	2,985,544	882,000	3,867,544
Russell Chenu	15,000	20,000	308,000	134,000	442,000
Former Managing Board director					
				Options exercised/forfeited	
Benjamin Butterfield	–	–	621,000	180,000	441,000

9.4 Loans

The company did not grant loans to Managing Board directors or senior executives during fiscal year 2008. There are no loans outstanding to Managing Board directors or senior executives.

10. EMPLOYMENT CONTRACTS

Remuneration and other terms of employment for the CEO and CFO and certain other senior executives are formalised in employment contracts. The main elements of these contracts are set out below.

10.1 CEO's employment contract

Details of the terms of the CEO's employment contract are as follows:

Components	Details
Length of contract	Three year term, commencing 10 February 2005. Term is automatically extended on 9th day of each February for an additional one year unless either party notifies the other, 90 days in advance of the automatic renewal date, that it does not want the term to renew.
Base salary	US$850,000 for current year.[1] Salary reviewed annually in May by the Supervisory Board.
Short-term incentive	Annual STI target is 100% of annual base salary: – 80% of this incentive target is based on the company meeting or exceeding pre-determined performance objectives; and – 20% of this incentive target is based on the CEO meeting or exceeding personal performance objectives. The Remuneration Committee recommends the company's and CEO's performance objectives, and the performance against these objectives, to the Supervisory Board for approval. The CEO's short-term incentive was calculated under the EP/IP Plan in fiscal year 2008, and will be calculated under the Executive Incentive Program and IP Plan in fiscal year 2009.
Long-term incentive	Upon the approval of the shareholders, stock options or other equity incentive will be granted each year. The recommended number of options or other form of equity to be granted will be appropriate for this level of executive in the US.
Defined Contribution Plan	The CEO may participate in the US 401(k) defined contribution plan up to the annual IRS limit. The company will match the CEO's contributions into the plan up to the annual IRS limit.
Resignation	The CEO may cease employment with the company by providing written notice.
Termination by James Hardie	The company may terminate the CEO's employment for cause or not for cause. If the company terminates the employment, not for cause, or the CEO terminates his employment "for good reason" the company will pay the following: a. amount equivalent to 1.5 times the annual base salary at the time of termination; and b. amount equivalent to 1.5 times the executive's Average STI actually paid in up to the previous three fiscal years as CEO; and c. continuation of health and medical benefits at the company's expense for the remaining term of the agreement and the consulting agreement referenced below.
Post-termination Consulting	The company will request the CEO, and the CEO will agree, to consult to the company upon termination for a minimum of two years, as long as the CEO maintains the company's non-compete and confidentiality agreements and executes a release of claims following the effective date of termination. Under the consulting agreement, the CEO will receive the annual base salary and annual target incentive in exchange for this consulting and non-compete. Under the terms of equity incentive grants made to the CEO under the MBTSOP and LTIP, the CEO's outstanding options will not expire during any post-termination consulting period.

[1] Actual fiscal year 2008 salary is shown in section 9.1 on page 59 of this annual report.

James Hardie Industries NV and Subsidiaries

10.2 CFO's employment contract

Details of the CFO's employment contract are as follows:

Components	Details
Length of contract	Fixed period of three years concluding 5 October 2010.
Base salary	A$816,000 for current year.[1] Salary reviewed annually in May by the Supervisory Board.
Short-term incentive	Annual STI target is 33% of annual base salary based on the CFO meeting or exceeding personal performance objectives. The CFO does not participate in the Executive Incentive Program, but will in fiscal year 2009 to the extent that some of the CFO's LTI target has been transferred to STI target under the Executive Incentive Program.
Long-term incentive	Upon the approval of the shareholders, stock options or other long-term equity with performance hurdles will be granted each year. The recommended value of equity to be granted will be equivalent to at least US$350,000. If the CFO ceases employment with the company then a pro-rata amount of each tranche of the CFO's unvested options will expire on the date employment ceases, calculated based on the formula D=Cx(A/B), where A is the number of months from the date employment ceases to the first testing date, B is the number of months from the date of grant until the first testing date and C is the total number of options granted in the relevant tranche. The remaining unvested/unexercised options will continue as if the CFO remained employed by the company until the first testing date, at which point any options that do not vest at that time will also lapse.
Superannuation	The company will contribute 9% of gross salary to the CFO's nominated superannuation fund.
Resignation or Termination	The company or CFO may cease the CFO's employment with the company by providing three months' notice in writing.
Redundancy or diminution of role	If the position of CFO is determined to be redundant or subject to a material diminution in status, duties or responsibility, the company or the CFO may terminate the CFO's employment. The company will pay the CFO a severance payment equal to the greater of 12 months' pay or the remaining proportion of the term of the contract.

10.3 Benefits contained in contracts for CEO and CFO

Employment contracts for the CEO and CFO also specify the following benefits:

Components	Details
International Assignment	The Managing Board directors receive additional benefits due to international assignment: housing allowance, expatriate Goods and Services allowance, moving and storage.
Other	**Tax Equalisation:** The company covers the extra personal tax burden for Managing Board directors based in The Netherlands. **Tax Advice:** The company will pay the costs of filing income tax returns to the required countries. **Health, Welfare and Vacation Benefits:** Eligible to receive all health, welfare and vacation benefits offered to all US employees or similar benefits. They are also eligible to participate in the company's Executive Health and Wellness program. **Business Expenses:** Entitled to receive reimbursement for all reasonable and necessary travel and other business expenses they incur or pay for in connection with the performance of their services under their employment agreements. **Automobile:** The company will either purchase or lease an automobile for business and personal use or, in the alternative, they will be entitled to an automobile equivalent to the level of vehicle they could receive in the US.

[1] Actual fiscal year 2008 salary is shown in section 9.1 on page 59 of this annual report.

10.4 Senior executives' employment contracts

Details of employment contracts for senior executives (other than Brian Holte) are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	Base salary is subject to Remuneration Committee approval and reviewed annually in May for increase effective 1 July.
Short-term incentive	An annual STI target is set at a percentage of the senior executive's salary. The STI target is between 65% and 25% depending on the individual; for US senior executives, 80% of this STI target is based on the company meeting or exceeding corporate performance objectives and 20% of this STI target is based on the US senior executive meeting or exceeding personal performance objectives. For Australian senior executives, this split is 70%–30%.
Long-term incentive	Upon the approval of the Supervisory Board, stock options have been granted each year under the JHI NV 2001 Equity Incentive Plan. It is anticipated that in the future senior executives will receive equity grants under the new plans proposed for fiscal year 2009.
Defined Contribution Plan/ Superannuation	US senior executives may participate in the US 401(k) defined contribution plan up to the annual IRS limit. The company will match the senior executive's contributions into the plan up to the annual IRS limit. For Australian senior executives, the company will contribute 9% of gross salary to the senior executive's nominated superannuation fund.
Resignation	US senior executives may cease employment with the company by providing 30 days' written notice. For Australian senior executives, this period is three months.
Termination by James Hardie	The company may terminate the senior executive's employment for cause or not for cause.
Post-termination Consulting	Depending on the US senior executive's individual contract, and the reasons for termination, the company may request the senior executive, and the senior executive will agree, to consult to the company for two years upon termination, as long as they sign and comply with 1) a consulting agreement, which will require them to maintain non-compete and confidentiality obligations to the company, and 2) a release of claims in a form acceptable to the company. In exchange for the consulting agreement, the company shall pay the senior executive's annual base salary as of the termination date for each year of consulting.
Other	**Health, Welfare and Vacation Benefits:** US senior executives are eligible to receive all health, welfare and vacation benefits offered to all other US employees. The US senior executives are also eligible to participate in the company's Executive Health and Wellness program. **Business Expenses:** The senior executives are entitled to receive reimbursement for all reasonable and necessary travel and other business expenses incurred or paid in connection with the performance of services under their employment. **Automobile:** For US senior executives, the company will either lease an automobile for business and personal use by the senior executive, or, in the alternative, the senior executive will be entitled to an automobile lease allowance not to exceed US$750 per month.
International Assignment	Senior executives who are on assignment in countries other than their own receive additional benefits which may include tax equalisation payment and tax advice, a car in the country they are assigned to, and financial assistance with housing, moving and storage.
	Brian Holte does not have such a written employment agreement, but receives Short-term incentive, Long-term incentive, Defined Contribution Plan and Other benefits as outlined above.

DIRECTORS' REPORT

Remuneration Report (continued)

James Hardie Industries NV and Subsidiaries

11. REMUNERATION FOR SUPERVISORY BOARD

Fees paid to Supervisory Board directors are determined by the Supervisory Board, with the advice of external remuneration advisors, within the maximum total amount approved by the shareholders from time to time. The current aggregate fee pool of US$1,500,000 was approved by shareholders in 2006.

Independent experts in Australia and the United States benchmark Supervisory Board directors' remuneration against peer companies, taking into consideration the level of fees paid to board members of companies with similar size, complexity of operations and responsibilities, and workload requirements of board members.

Board fees are not paid to Managing Board directors since the responsibilities of board membership are considered in determining the remuneration provided as part of their normal employment conditions.

11.1 Remuneration structure

Supervisory Board directors are paid a base fee for service on the James Hardie Boards. Additional fees are paid to the position of Chairman, Deputy Chairman and Board Committee Chairmen. The fees paid in fiscal 2008, and payable in fiscal 2009, are:

(US dollars)

Role	Fiscal 2008	Fiscal 2009
Chairman	$300,000[1] $215,000[2]	$215,000
Deputy Chairman	$175,000	$175,000
Board Member	$100,000	$120,000
Audit Committee Chair	$20,000	$20,000
Remuneration or Nominating and Governance Committee Chair	$10,000	$10,000

[1] To 31 January 2008

[2] From 1 February 2008

Following the commencement of proceedings by ASIC against the company and some of its former officers and directors, the company formed a Special Matter Committee to deal with issues related to the proceedings. Directors who attended meetings of the Special Matter Committee received fees of US$1,000 per meeting in addition to their base fee. The Special Matter Committee met once in fiscal year 2008.

As the focus of the Supervisory Board is on the long-term direction and well-being of James Hardie, there is no direct link between Supervisory Board directors' remuneration and the short-term results of the company.

No Supervisory Board director has been granted options or performance rights.

11.2 Supervisory Board Share Plan

Under the Supervisory Board Share Plan 2006 (SBSP), Supervisory Board directors can elect to receive some of their annual fees in JHI NV shares. The SBSP was last approved at the 2007 AGM for a period of three years.

In fiscal year 2008, Supervisory Board directors took US$50,000 of their gross base fees in JHI NV shares under the SBSP, other than Messrs DeFosset and Hammes who, pro rata during the time they were Chairman, took US$100,000 ($33^1/_3$% of gross Chairman's fees) and US$107,500 (50% of gross Chairman's fees) in JHI NV shares. Dutch taxes were deducted before the JHI NV shares were purchased.

JHI NV shares received under the SBSP can be either issued or acquired on market. Where shares are issued, the price is the average of the market closing prices at which the shares were quoted on the ASX during the five business days preceding the day of issue. Where the shares are acquired on market, the price is the purchase price.

The SBSP does not include a performance condition because the amounts applied to acquire shares under the SBSP are from the annual fees earned by the Supervisory Board directors.

11.3 Board Accumulation Policy

In fiscal year 2008, the Supervisory Board reviewed and confirmed its Board policy that Supervisory Board directors should accumulate a minimum of 1.5 times (and two times for the Chairman) their total base remuneration (excluding Board Committee fees) in JHI NV shares (either personally, in the name of their spouse, or through a personal superannuation or pension plan) within the six year period from the later of August 2006 or their appointment.

The policy had previously been described as requiring that Supervisory Board directors should accumulate three times their annual cash remuneration, although this was when each director had agreed to receive 50% of their director's fees in JHI NV shares under the SBSP. To eliminate inconsistency under the policy, for instance if one Supervisory Board director elected to change the amount of director's fees received in JHI NV shares, it was agreed that the policy should revert to its original formulation of 1.5 times (and two times for the Chairman) directors' total base remuneration (excluding Board Committee fees).

To recognise the potential for share price fluctuations to have an impact on the funds required to be committed and the different taxation positions of individual directors, no Supervisory Board director will be required to apply more than 50% of the cash component of their fees, on a post-tax basis, over a six year period, toward satisfying this requirement.

11.4 Director Retirement Benefits

In July 2002, the company discontinued a retirement plan that entitled some former Supervisory Board directors to receive, upon their termination for any reason other than misconduct, an amount equal to a multiple of up to five times their average annual fees for the three year period prior to their retirement. Two former Supervisory Board directors, Ms Hellicar and Mr Brown, were entitled to receive payments pursuant to this plan, respectively in the gross amount of US$833,979 and US$307,658. These amounts were paid in fiscal year 2008.

No other Supervisory Board directors retain any benefits under this plan.

11.5 Total remuneration for Supervisory Board directors for the years ended 31 March 2008 and 2007

(US dollars)	Primary	Equity	Post-employment		
Name	Directors' Fees[1]	JHI NV Stock[2]	Superannuation[3]	Other Benefits[4]	Total
Supervisory Board directors					
Michael Hammes[5]					
Fiscal year 2008	$ 60,636	$ 59,583	$ –	$ 3,192	$ 123,411
Fiscal year 2007	16,247	–	–	2,888	19,135
Donald McGauchie[5]					
Fiscal year 2008	136,000	50,000	–	3,192	189,192
Fiscal year 2007	96,071	–	9,402	2,888	108,361
Brian Anderson[5]					
Fiscal year 2008	71,000	50,000	–	3,192	124,192
Fiscal year 2007	33,685	–	–	2,888	36,573
David Andrews[6]					
Fiscal year 2008	30,782	29,167	–	3,192	63,141
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A
Don DeFosset					
Fiscal year 2008	175,863	91,667	–	27,394	294,924
Fiscal year 2007	32,959	–	–	2,888	35,847
James Loudon[7]					
Fiscal year 2008	101,000	–	–	3,192	104,192
Fiscal year 2007	87,584	–	–	2,888	90,472
Rudy van der Meer					
Fiscal year 2008	51,000	50,000	–	–	101,000
Fiscal year 2007	17,247	–	–	–	17,247
Catherine Walter[8]					
Fiscal year 2008	37,500	37,500	–	3,192	78,192
Fiscal year 2007	N/A	N/A	N/A	N/A	N/A
Former Supervisory Board directors					
John Barr[5, 9]					
Fiscal year 2008	59,352	50,000	–	3,192	112,544
Fiscal year 2007	92,929	20,000	–	2,888	115,817
Total remuneration for Supervisory Board directors					
Fiscal year 2008	$ 723,133	$ 417,917	$ –	$ 49,738	$ 1,190,788
Fiscal year 2007	$ 376,722	$ 20,000	$ 9,402	$ 17,328	$ 423,452

1 Amount includes base, Chairman, Deputy Chairman and Committee Chairman and Special Matter Committee attendance fees.

2 The actual amount spent by each Supervisory Board member was determined after deducting applicable Dutch taxes from this amount as Dutch tax law does not allow acquisition of shares out of pre-tax income. The number of JHI NV shares acquired was determined by dividing the amount of participation in the SBSP by the market purchase price.

3 Mr McGauchie ceased making voluntary superannuation contributions in the first quarter of fiscal year 2008.

4 Other Benefits includes the cost of non-executive directors' fiscal compliance in The Netherlands. For Mr DeFosset it also includes, for the period he was Chairman, office costs, the personal use of a company laptop and PDA phone. Certain prior year amounts have been restated to conform with the current year presentation.

5 The company pays for expenses related to Supervisory Board spousal travel to accompany directors to up to one Board meeting per year. In fiscal year 2008, the company paid US$15,984, US$16,331, US$21,865 and US$18,163 for spousal travel for Messrs Hammes, McGauchie, Anderson and Barr, respectively. In fiscal year 2007, the company paid US$9,493 related to spousal travel for Mr McGauchie.

6 Mr Andrews was appointed to the company's Joint and Supervisory Boards effective 1 September 2007.

7 Mr Loudon did not participate in the SBSP in fiscal year 2008. However, on 14 March 2008, he bought 6,300 JHI NV shares on market, which was equivalent to the value of JHI NV shares he would have received if he had participated in the SBSP.

8 Mrs Walter was appointed to the Joint and Supervisory Boards effective 1 July 2007 and was re-elected for a three-year term on 17 August 2007.

9 Mr Barr resigned from the company's Joint and Supervisory Boards effective 31 March 2008.

James Hardie Industries NV and Subsidiaries

11.6 Supervisory Board directors' relevant interests in JHI NV

Changes in Supervisory Board directors' relevant interests in JHI NV securities between 1 April 2007 and 31 March 2008 are set out below:

	Number of Shares/CUFS At 1 April 2007	Number of Shares/CUFS at date of becoming Director	On market Purchases	SBSP[1]	Shares/CUFS at Date of resignation	Number of Shares/CUFS at 31 March 2008
Supervisory Board directors						
Michael Hammes	–	–	9,000[2]	6,859	N/A	15,859
Brian Anderson	–	–	–	6,124	N/A	6,124
David Andrews	N/A	–	–	3,903[8]	N/A	3,903
Don DeFosset	15,500[3]	–	–	10,377	N/A	25,877
James Loudon	6,355	–	6,300[4]	–	N/A	12,655
Donald McGauchie	9,569	–	–	5,803	N/A	15,372[5]
Rudy van der Meer	–	–	–	4,410	N/A	4,410
Catherine Walter	N/A	6,375[6]	–	5,032	N/A	11,407
Former Supervisory Board director						
John Barr	24,477[7]			7,667		32,144

[1] All shares purchased under SBSP were acquired on 14 March 2008 at a price of A$5.7352.

[2] Held as ADRs.

[3] Held as ADRs.

[4] Acquired on 14 March 2008 at a price of A$5.7368 in the name of HSBC Nominees and held of behalf of the James R H Loudon.

[5] 6,000 shares held for the McGauchie Superannuation Fund.

[6] 6,375 shares held for the Walter Super Fund.

[7] 1,651 shares were acquired under the SBSP on 26 March 2007 at a price of A$8.50. 21,000 shares held for the J & M Barr Trust.

[8] Held for the Andrews Revocable Trust.

Only Supervisory Board directors are entitled to participate in the SBSP.