
DIRECTORS' REPORT

REMUNERATION REPORT

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

2009 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 1–7 of this report describe the remuneration policy for the Managing Board, which also applies to the senior executives, and section 11 of this report describes the company's departures from the Best Practice Recommendations in the Dutch Code on Corporate Governance, and the reasons for these.

Dutch law requires shareholder approval of changes to the remuneration policy for the Managing Board. Although some elements of the remuneration framework for the Managing Board described in this report have changed from previous years, they remain within the overall remuneration policy for the Managing Board previously approved by shareholders, which remains unchanged.

The ASX Corporate Governance Council Principles and Recommendations, good corporate governance in Australia and the aims underlying section 300A of the Corporations Act, require Australian listed companies to submit their remuneration report to shareholders for a non-binding vote. Although the company is not subject to these provisions, taking into consideration the company's predominantly Australian shareholder base, the company has voluntarily elected to provide the information in sections 2 and 8 to 10 of this report, and will present this remuneration report to its shareholders for a non-binding vote at the 2009 Annual General Meeting. To provide shareholders with a better understanding of the company's approach to its remuneration, this report also outlines the company's remuneration framework for fiscal year 2010.

During fiscal year 2009, the company retained Hewitt Associates as its compensation external remuneration 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 policies for fiscal years 2009 and 2010, 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 company.

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

Remuneration and individual packages for the Managing Board directors, including the CEO, and senior executives are evaluated by the Remuneration Committee annually to make sure that they continue to achieve the objectives of the remuneration policy and are competitive with developments in the market. Changes to the remuneration framework and, if applicable, the remuneration policy itself, are recommended by the Remuneration Committee to the Supervisory Board from time to time.

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 other Managing Board directors and the company's senior executives. These recommendations are based on the guidelines of the remuneration policy and remuneration framework, and include factors such as the individual's competencies, skills and performance; the specific role and responsibilities of the relevant position; advice received by the Remuneration Committee from external independent compensation advisors it engages; 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 (base salary, Short Term Incentive (STI) and Long Term Incentive (LTI) target, actual grants and maximum potential payouts) for the CEO, the other Managing Board directors and the company's senior executives. The list of peer group companies may differ depending on an individual's home country.

As a number of the senior executives who report to the Managing Board mentioned in this report are resident in the United States, their remuneration, benefits and employment agreements are designed with reference to US standards.

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

1.4 Senior executives

The remuneration policy for the senior executives who are not members of the Managing Board 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, who served in these roles throughout fiscal year 2009 unless otherwise stated:

Senior executives:

Mark Fisher, Vice President – Research and Development

Grant Gustafson, Vice President – International¹

Brian Holte, Vice President – General Manager Western Division

Nigel Rigby, Vice President – General Manager Eastern Division²

Former senior executives:

Peter Baker – Executive Vice President – Asia Pacific³

Joel Rood – Vice President – General Manager Southern Division⁴

¹ Effective 15 March 2009. From 1 April 2008 to 15 March 2009 Grant Gustafson was Vice President – Interiors and Business Development.

² Effective 3 November 2008. From 1 April 2008 to 2 November 2008 Nigel Rigby was Vice President – General Manager Northern Division.

³ Mr Baker separated from the company effective 31 March 2009.

⁴ Mr Rood separated from the company effective 3 November 2008.

The names, roles and length of service of the Managing Board directors covered in this remuneration report are set out on page 24–25 of this annual report.

Unless otherwise noted, references in this report to senior executives include Managing Board directors and senior executives.

1.5 Stock ownership guidelines

The Remuneration Committee believes that senior executives should hold James Hardie stock to further align their interests with those of the company's shareholders. The company has adopted stock ownership guidelines for the senior executives calling for them to accumulate the following holdings in the company over a period of five years from 1 April 2009:

Position	Multiple of base salary
Chief Executive Officer	3x
Chief Financial Officer and General Counsel	1.5x
Other senior executives	1x

If the guideline has not been achieved, a senior executive is required to retain at least 75% of shares obtained under the company's share incentive plans, by exercising of options, lapse of restrictions on restricted stock units (RSUs) or grants of unrestricted shares (all net of taxes and other costs).

Even if the guideline has been achieved, senior executives are required to retain at least 25% of stock obtained under the company's incentive plans by exercising of options, lapse of restrictions on RSUs or grants of unrestricted shares (all net of taxes and other costs).

Details of the company's policy regarding employees hedging James Hardie shares or grants under various share incentive plans are set out on page 83 of the Corporate Governance Report.

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2. STRUCTURE AND OVERVIEW OF REMUNERATION PACKAGES

The proportions of the At Risk and Not At Risk components of James Hardie's remuneration packages, based on actual remuneration received for performance in fiscal year 2009, are shown in the following table (net of taxes and other costs):

	Not at Risk Remuneration ¹		At Risk Remuneration	
	Salary, Non-cash Benefits, Superannuation, 401(k) etc %	Cash Incentive ² %	Equity (RSUs) ³ %	Total at Risk %
Managing Board directors				
Louis Gries	23	21	56	77
Russell Chenu	52	12	36	48
Robert Cox ⁴	39	15	46	61
Senior executives				
Mark Fisher	33	21	46	67
Grant Gustafson	35	19	46	65
Brian Holte	34	19	47	66
Nigel Rigby	32	21	47	68
Former senior executives⁵				
Peter Baker	86	14	—	14
Joel Rood	100	—	—	—

¹ See section 4 of this report.

² See section 3 of this report. This includes short-term cash incentive paid under the Executive Incentive Program in May 2009 for performance in fiscal year 2009.

³ This includes long-term incentive paid under the Long Term Incentive Plan with Relative TSR RSUs granted in September and December 2008 and Executive Incentive Program RSUs granted May 2009 for performance in fiscal year 2009. This amount includes the actual value received in respect of fiscal year 2009 rather than the value used for accounting purposes. The company does not grant options; it uses RSUs as the grant vehicle for its LTI.

⁴ Mr Cox joined the company on 14 January 2008 and became a member of the Managing Board effective 7 May 2008. This table covers all of his remuneration for fiscal year 2009, including the remuneration before his appointment as a member of the Managing Board.

⁵ Not at Risk Remuneration includes severance payments. See section 8 of this report for details of amounts paid.

3. AT RISK REMUNERATION IN FISCAL YEAR 2009

3.1 Overview of At Risk components in fiscal year 2009

Senior executives 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 and participation of any division/business unit in a plan is at the discretion of the CEO. At Risk remuneration consists of STIs and LTIs earned by meeting or exceeding specified performance goals. The company's At Risk incentive plans for senior executives in fiscal year 2009 are set out below:

Duration	Plan Name	Form of Incentive	Further Details
Short-term incentive	Executive Incentive Program	Cash	Section 3.2.1(b) below
		RSUs with vesting deferred for a further two years (Executive Incentive Program RSUs)	Section 3.2.1(c) below
	Individual Performance Plan (IP Plan)	Cash	Section 3.2.1(d) below
Long-term incentive	Long Term Incentive Plan (LTIP)	RSUs with relative TSR ¹ performance hurdles (Relative TSR RSUs)	Section 3.2.2(a) below

¹ TSR refers to Total Shareholder Return

3.2 Details of At Risk components in fiscal year 2009

3.2.1 Short-term incentives

The STI target for senior executives, other than the CFO, is allocated 80% towards corporate goals (under the Executive Incentive Program) and 20% towards individual goals (under the IP Plan).

For fiscal year 2009, the Supervisory Board decided to also transfer 70% of each senior executive's LTI target to the STI target under the Executive Incentive Program.

STI target is determined as a percentage of base salary. Excluding the temporary transfer of LTI target to STI target, the STI target for senior executives is:

Position	STI Target as percentage of base salary
Chief Executive Officer	100%
Chief Financial Officer	33%
General Counsel	65%
Other senior executives	55%

(a) Executive Incentive Program overview

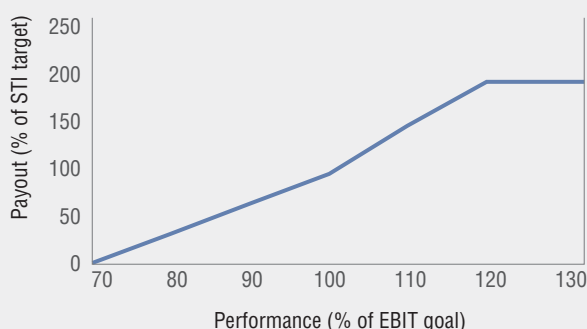
The Executive Incentive Program rewards managers based on their performance against EBIT goals adopted at the start of each fiscal year. EBIT goals for fiscal year 2009 were derived internally based on the prevailing business environment and outlook.

Senior executives had a different EBIT goal depending on their function and location:

- Managing Board directors had a goal based on consolidated group EBIT result in US\$, including a component for the US business performance indexed to housing starts and excluding legacy costs;
- US senior executives had a goal based on the EBIT of the US business in US\$, indexed to US housing starts; and
- Asia Pacific senior executives had an EBIT goal based on the performance of the Asia Pacific business in US\$ using budgeted exchange rates.

Senior executives could earn between 0% and 200% of their STI target, based on the payout schedule below:

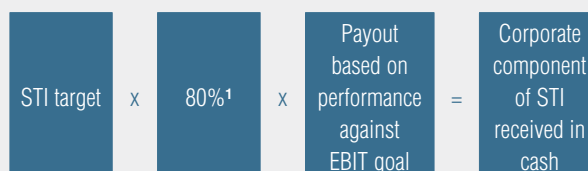
Executive Incentive Program payout schedule



Results under the Executive Incentive Program were reviewed by the Remuneration Committee and discussed with the Audit Committee before final approval by the Supervisory Board.

(b) Executive Incentive Program – cash STI payment

Final cash payments were calculated as follows:



¹ Amount of STI target allocated to the Executive Incentive Program

Supervisory Board's assessment of Executive Incentive Program

The Executive Incentive Program rewards directly-measurable performance and is not overly punitive or generous due to external factors. Indexing of the US component to US housing starts 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. This is especially relevant to the US housing market, which experienced a 38% fall in housing starts during fiscal year 2009, compared to fiscal year 2008, and which remains highly cyclical and subject to a high level of uncertainty and volatility, which made forecasting difficult. Different EBIT goals depending on the senior executive's responsibilities are intended to ensure that their incentive is tied to factors within their control.

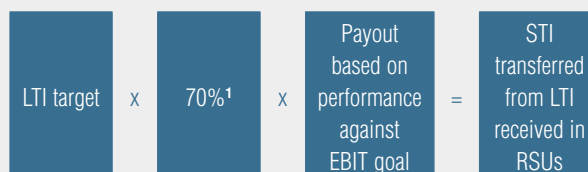
(c) Executive Incentive Program – transfer of 70% of LTI to STI

In the 2008 Remuneration Report, the Supervisory Board described its decision to design remuneration arrangements to focus management on dealing with the volatility in the US market during fiscal year 2009 by transferring 70% of each senior executive's LTI target to the STI target under the Executive Incentive Program for fiscal year 2009.

RSUs are unfunded and unsecured contractual entitlements for shares to be issued in the future and are very similar to the "performance rights" commonly used in the Australian market. RSUs vest and convert into shares on a one-for-one basis on the vesting date and subject to any service and performance hurdles.

The RSUs were awarded with a two-year vesting period until June 2011 to ensure that the longer-term interests of senior executives remain aligned with shareholders.

Final payments in RSUs were calculated as follows:



¹ Amount of LTI target allocated to the Executive Incentive Program for fiscal year 2009.

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Supervisory Board's assessment of the transfer of LTI to the STI Executive Incentive Program

The transfer of a portion of the LTI target to STI target was an appropriate response to the macro economic conditions facing the entire housing industry in the United States. This decision also responded to the practical difficulty of setting valid longer-term targets in a volatile market. Using RSUs with a two-year vesting period provided a long-term alignment between the interests of senior executives and shareholders.

(d) Individual Performance Plan (IP Plan)

Senior executives who participated in the Executive Incentive Program were assessed on individual performance based on the IP Plan (which is part of the Executive Incentive Program for the senior executives). The IP Plan links financial rewards to senior executives achieving specific individual objectives that have benefited the company and contributed to shareholder value. These objectives were developed in consultation with and approved by the Supervisory Board and Remuneration Committee.

Senior executives were given a performance rating based on a review of how they performed against their individual objectives. Rewards are based on this performance rating as recommended by the Remuneration Committee and approved by the Supervisory Board at the end of the fiscal year and/or when the senior executive changed roles during the year.

Final cash payments were calculated as follows:

$$\text{STI target} \times 20\%^1 \times \text{Performance rating multiple or fraction} = \text{Individual component of STI received in cash}$$

¹ Amount of STI target under the individual component (IP Plan).

Supervisory Board's assessment of the IP Plan

The IP Plan measures and rewards strategic, financial and individual objectives which are not directly captured by the corporate component of the Executive Incentive Program.

3.2.2 Long-term incentives

As described in 3.2.1(c) above, 70% of the LTI target for the Managing Board directors and senior executives in fiscal year 2009 was allocated as grants of RSUs based on the company's performance under the Executive Incentive Program during fiscal year 2009. The remaining 30% of the LTI target was allocated as grants of RSUs based on the company's total shareholder return (TSR) relative to its peers.

(a) Relative TSR RSUs

In fiscal year 2009 the company replaced the ASX100 peer group used to calculate Relative TSR RSUs with a peer group of companies exposed to the US building materials market. The Supervisory Board and Remuneration Committee believe that these companies form a more appropriate peer group as they are exposed to the same macro factors in the US housing market as the company faces. The peer group for the Relative TSR RSUs is set out in section 7 of this Remuneration Report.

The company's relative TSR performance will be measured against the peer group over a 3 to 5 year period from grant date, with testing every six months during the performance period, based on the following schedule:

Performance against Peer Group	% of Relative TSR RSUs vested
<50th Percentile	0%
50th Percentile	33%
51st – 74th Percentile	Sliding Scale
≥75th Percentile	100%

Supervisory Board's assessment of LTI component of Executive Incentive Program

The Supervisory Board believes that a relative performance measure of total shareholder return is an important component of a long-term equity incentive plan. The Supervisory Board considered whether re-testing is appropriate for Relative TSR RSUs, given some investors prefer a single test for relative performance measures. The Supervisory Board concluded that re-testing is appropriate in the company's circumstances because the company's share price is subject to substantial short-term fluctuations relating to public comment and disclosures on a number of legacy issues facing the company, including asbestos-related matters, and believes that senior executives should be given the same opportunity as shareholders, who may elect to delay disposing of their equity interests when affected by short-term factors. Further volatility may also be experienced in the aftermath of the global financial crisis. In addition, this approach extends the motivational potential of the Relative TSR RSUs from three to five years, so from a cost-benefit perspective is more effective.

(b) Long term incentives below senior executive level

In fiscal year 2009, employees other than senior executives received equity-based long-term incentives in the form of RSUs under the 2001 JHI NV Equity Incentive Plan (2001 Plan). This helps align the interests of employees with shareholders. Award levels are determined based on the Remuneration Committee's review of local market standards and the individual's responsibility, performance and potential to enhance shareholder value. Unlike the RSUs granted to senior executives, these RSUs generally vest at the rate of 25% on the 1st anniversary of the grant, 25% on the 2nd anniversary date and 50% on the 3rd anniversary date.

Supervisory Board's assessment of 2001 Plan

The majority of participants in the 2001 Plan are US employees. Senior executives named in this report did not receive RSUs under the 2001 Plan. The RSUs granted to other employees under the 2001 Plan follow normal and customary US grant guidelines and market practice and have no performance hurdles. The Supervisory Board is satisfied that this practice is necessary to attract and retain US employees and is particularly effective in the current environment for the better management of the company's cash flow.

3.3 At Risk components paid in fiscal year 2009

Details of the At Risk remuneration, including the percentage of the maximum At Risk remuneration awarded to or forfeited by senior executives for performance in fiscal year 2009 are set out below. Equity long-term incentive granted for performance in fiscal year 2009 is not included in the table as it is granted on a dollar value determined by the Remuneration Committee and would only be forfeited during fiscal year 2009 in limited circumstances all of which involve the employee ceasing employment. All amounts shown in this table relating to fiscal year 2009 were paid in May 2009.

	Cash STI ¹		STI transferred from LTI ²	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Managing Board directors				
Louis Gries	71	29	66	34
Russell Chenu	100	0	66	34
Robert Cox	100 ³	0	66	34
Senior executives				
Mark Fisher	66	34	63	37
Grant Gustafson	63	37	63	37
Brian Holte	63	37	63	37
Nigel Rigby	69	31	63	37
Former senior executives				
Peter Baker	53	47	–	100
Joel Rood	–	100	–	100

¹ Awarded = % of fiscal year 2009 STI maximum actually paid. Forfeited = % of fiscal year 2009 STI maximum foregone. These amounts include cash payments under the Executive Incentive Program and IP Plan, but do not include the Executive Incentive Program RSUs granted following the temporary transfer of LTI to STI. Amended from presentation in fiscal year 2008, which was based on target STI.

² Awarded = % of fiscal year 2009 temporary transfer of LTI from STI maximum which actually paid. Forfeited = % of fiscal year 2009 temporary transfer of LTI from STI which was foregone. The value earned for performance in fiscal year 2009 was granted in the form of Executive Incentive Program RSUs in May 2009.

³ Fiscal year maximum cash STI was equal to target cash STI.

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3.4 At Risk components payable in future years

Details of the value of the At Risk remuneration for performance in fiscal year 2009 that may be paid to senior executives over future years are set out below. The minimum amount payable is nil in all cases. The maximum value will depend on the share price at time of vesting, and is not possible to determine. The table below is based on the fair value of the RSUs according to US GAAP accounting standards.

	Executive Incentive Program RSUs ¹ (US dollars)			Relative TSR RSUs ² (US dollars)				
	2010	2011	2012	2010	2011	2012	2013	2014
Managing Board directors								
Louis Gries	706,860	831,600	124,740	530,773	530,773	244,301	–	–
Russell Chenu	137,445	161,700	24,255	103,205	103,205	47,503	–	–
Robert Cox	196,435	231,000	34,650	147,436	147,436	67,861	–	–
Senior executives								
Mark Fisher	112,455	132,300	19,845	89,660	89,660	64,113	–	–
Grant Gustafson	112,455	132,300	19,845	89,660	89,660	64,113	–	–
Brian Holte	112,455	132,300	19,845	89,660	89,660	64,113	–	–
Nigel Rigby	112,455	132,300	19,845	89,660	89,660	64,113	–	–
Former senior executives								
Peter Baker	–	–	–	–	–	–	–	–
Joel Rood	–	–	–	–	–	–	–	–

¹ Represents annual SG&A expense for the Executive Incentive Program RSUs granted in May 2009 for performance in fiscal year 2009, with fair market value estimated using the Black Scholes option-pricing model.

² Represents annual SG&A expense for the Relative TSR RSUs granted in September or December 2008 with fair market value estimated using the Monte Carlo option-pricing method.

4. NOT AT RISK REMUNERATION IN FISCAL YEAR 2009

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

4.1 Base salaries

James Hardie provides base salaries to attract and retain senior 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 senior executives is positioned around the market median for positions of similar responsibility. Base salaries are reviewed by the Remuneration Committee each year, although increases are not automatic.

4.2 Non-cash benefits

James Hardie's executives may receive non-cash benefits such as cost of living allowance, 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 consistent with the laws of the respective country.

5. LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE IN FISCAL YEAR 2009

5.1 Board assessment of performance

The Remuneration Committee reviewed and discussed with the Audit Committee both the EBIT goals set at the start of fiscal year 2009, and the results against the EBIT goals at the end of fiscal year 2009, before recommending these goals for approval by the Supervisory Board.

5.2 Actual performance

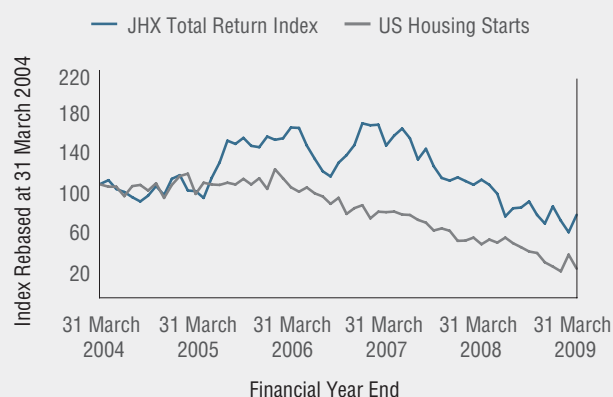
James Hardie's five year total shareholder return against the ASX200, and five-year EBIT in US\$ terms (ex reported adjustments) and five-year total shareholder return (including dividends and capital returns) mapped against changes to US housing starts are shown in the graphs below:

Five year EBIT (ex reported adjustments) growth

(Millions of US dollars)

09	156.9
08	207.5
07	318.9
06	280.7
05	196.2

JHX Total Return Index vs US housing starts



Graph supplied by Mercer (Australia) Pty Ltd using publicly available data.

Notes:

- Mercer (Australia) Pty Ltd provides no opinion on the veracity of the data
- Past stock performance is not necessarily an indicator of future performance.

5.3 Market conditions

As shown in the table in section 2 on page 52, a significant proportion of the remuneration for 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.

As expected, the company was heavily affected by the macro economic conditions facing the entire housing industry in the United States in fiscal year 2009. In the US, the housing market deteriorated in all four quarters of fiscal year 2009, following similar deterioration for all of fiscal year 2008 and the last two quarters of fiscal year 2007. New housing starts were down 38% from fiscal year 2008 and 77% from their peak in fiscal year 2006.

In the face of this dramatic downturn in the US housing market over the past 10 quarters, the company's USA Fibre Cement business continued to outperform the broader housing market for fiscal year 2009, with revenue down 21% and sales volume down 22% from fiscal year 2008. At the same time, the USA Fibre Cement business was still able to improve realised unit revenue and deliver an EBIT margin of 21.4%. The US business accounted for 81% of total company EBIT and 76% of total company sales.

In Australia and New Zealand, the company was also affected by substantial housing start declines of 14% and 34% respectively from fiscal year 2008, as well as unfavourable currency movements. Despite this, Asia Pacific sales revenue was down only 8% in US dollars and flat in Australian dollars.

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.

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5.4 Performance linkage with Remuneration Policy

The design of the Executive Incentive Program and the targets for fiscal year 2009 provided a framework for management to be rewarded for the company's strong relative performance during fiscal year 2009.

The initial fiscal year 2009 target for the Executive Incentive Program was set assuming 882,000 addressable housing starts for the US business (which comprises all US housing starts excluding multi-family high rise, but including Canada). The target was set based on assumptions around agreed metrics for contribution dollars per housing start, market position, Repair & Remodel performance and fixed spending.

Actual addressable starts during fiscal year 2009 were slightly higher than expected at 913,686, which meant that the target EBIT for the Managing Board and US senior executives was indexed upwards. Despite the higher EBIT target for the US business resulting from actual starts in fiscal year 2009 being higher than those contained in the business plan, EBIT targets were met or exceeded, except for the Asia Pacific business. The actual results for each of the EBIT goals were: US 105.1%, Asia Pacific 90.3% and Managing Board 106.3%.

The Remuneration Committee and Supervisory Board believe that the company's continued out-performance of the market in fiscal year 2009 through the current overall economic environment and now ten consecutive quarters of deterioration in the US housing market, reflects well on the strategies set and implemented by management and is superior to the results delivered by its US peers.

The remuneration paid to senior executives in fiscal year 2009 reflects this outperformance in a rapidly declining market and demonstrates an appropriate link between the company's remuneration policy and company performance. In particular, the Supervisory Board and Remuneration Committee believe that the decision to design remuneration arrangements to focus management on dealing with the challenging US housing industry conditions in fiscal year 2009 by shifting 70% of senior executives' LTI target to STI target, payable in two-year vesting RSUs to provide alignment between senior executives and shareholders, has been a key element in the relative maintenance of shareholder value in fiscal year 2009.

6. REMUNERATION FOR FISCAL YEAR 2010

6.1 Overview of remuneration for fiscal year 2010

As indicated in last year's annual report, in fiscal year 2009, 70% of LTI target was reallocated to STI target, with most of the payment made in deferred RSUs to ensure continued alignment with shareholder outcomes. When seeking shareholder approval for these grants, the Supervisory Board noted that "the senior executive compensation mix will revert back to a greater focus on long term results in fiscal year 2010 or once the US housing market has stabilised". Stabilisation of the US housing market would allow robust longer-term financial projections and planning, which could be applied to set longer-term financial goals directly correlated with creating shareholder value and incorporated into a long-term remuneration policy. Any such remuneration policy would continue to allocate 30% of LTI target to Relative TSR RSUs.

The Supervisory Board believes that the US housing market has not stabilised enough to allow such robust longer-term financial projections. Therefore, it remains difficult to apply a financial basis for a long-term incentive plan to complement the Relative TSR RSUs. For this reason the Supervisory Board has decided to continue with the 2009 remuneration framework, with modifications to transition it closer to the preferred mix of long-term and short-term focus that stabilisation in the US housing market will eventually allow.

Despite the continued instability in the US housing market, the Supervisory Board has identified a number of specific longer-term objectives that management must address. These objectives will be measured through a Scorecard at the conclusion of fiscal year 2012, providing an effective performance period of three years. All of the LTI target not allocated to Relative TSR RSUs will be subject to negative discretion based on the Scorecard, giving the Supervisory Board the ability to reduce the payment of the LTI earned to as low as zero if performance in fiscal year 2010 is not sustained to the Supervisory Board's satisfaction to the conclusion of fiscal year 2012.

Lastly, it has been decided that incentive rewards that in 2009 were payable in cash will, in 2010, be payable in stock for better alignment with shareholders.

Following their review of the existing remuneration framework, the Remuneration Committee and Supervisory Board resolved that the following At Risk incentive plans will be in place for fiscal year 2010:

Duration	Plan Name	Form of Incentive	Further Details
Short-term incentive	Executive Incentive Program	Performance Shares	Section 6.3.1(b) below
		RSUs with vesting deferred for two years and subject to negative discretion (Executive Incentive Plan RSUs)	Section 6.3.1(c) below
	Individual Performance Plan (IP Plan)	Shares	Section 6.3.1(d) below
Long-term incentive	Long Term Incentive Plan (LTIP)	RSUs with relative TSR performance hurdles (Relative TSR RSUs)	Section 6.3.2(a) below
		Cash payment based on share price performance and subject to negative discretion (Scorecard LTI)	Section 6.3.2(b) below

The proportion of target incentive pay will remain unchanged. Target LTI value as a proportion of total incentive reward will increase, while target STI value as a proportion of incentive reward will decrease by the same amount. Overall compensation for the CEO, including base salary and short and long-term incentives at target will continue at the 50th percentile of the company's peer group.

6.2 Summary of changes to compensation for fiscal year 2010

The key changes between the remuneration framework in fiscal years 2009 and 2010 are:

- Making 70% of the LTI Target quantum subject to negative discretion based on the Scorecard in May 2012. The remaining 30% of LTI Target quantum will continue to be based on relative total shareholder return with no negative discretion applicable.
- Moving STI and LTI closer to the Supervisory Board's preferred target mix compared with fiscal year 2009, by re-allocating only 40% of LTI Target quantum temporarily to the STI Target quantum (compared with 70% in fiscal year 2009). This 40% of LTI Target quantum will be evaluated against fiscal year 2010 EBIT goals in May 2010 and again against the Scorecard in May 2012.
- Paying the remaining 30% of LTI Target in cash in May 2012 based on changes in the value of the company's shares and performance against the Scorecard.
- Indexing the EBIT goal under the STI Target for changes to housing starts in Asia Pacific as well as the current indexing for the US business.
- Paying all STI Target payments in a mixture of shares and restricted stock rather than cash for better shareholder alignment and cash flow considerations.
- Making all incentive payment vehicles have a final realisable value based on the company's share price.
- Introducing target stock ownership guidelines for the Managing Board directors and senior executives.

6.3 Scorecard

The Scorecard has been introduced to ensure management focus on financial, strategic, business, customer and people components important to long-term creation of shareholder value. The Supervisory Board has identified key objectives in these areas and the measures it expects to see achieved over the three-year performance period to the end of fiscal year 2012. Although most of the measures in the Scorecard have quantitative targets, the company has not allocated a specific weight to any of the measures and the final Scorecard assessment will involve an element of judgment by the Remuneration Committee and the Supervisory Board. Individual senior executives may receive different ratings depending on their contribution to achieving the Scorecard measures. The Remuneration Committee will monitor progress against the Scorecard annually.

The Scorecard will be applied to Executive Incentive Program RSUs (granted as a result of short-term performance, but deferred for two years) and Scorecard LTI (a cash payment directly tied to the company's share price).

When the Scorecard is measured at the conclusion of the three-year performance period at the end of fiscal year 2012, senior executives may receive all, some, or none of their awards under these plans. The Scorecard can only be applied to exercise negative discretion. It cannot be applied to enhance the maximum reward that can be received.

The primary components of the Scorecard for fiscal year 2010, and the reasons the Supervisory Board considers these components are appropriate, are set out below. Further details of the Scorecard, including the method of measurement, historical performance against the proposed measures and the Supervisory Board's expectations, will be set out in the 2009 Notice of Meetings.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

Measure	Reasons
Primary Demand Growth (PDG)	A key strategy for the company is to maximise its market share growth/retention of the exterior cladding market for new housing starts and for Repair & Remodel, which it does by growing fibre cement's share of the exterior siding market and by maintaining the company's share of the fibre cement category.
Product Mix Shift	The company aims to maintain its leadership position across the fibre cement category of the exterior siding market by developing new products/marketing/manufacturing approaches that will result in an improved mix of our products and gross margins.
Zero To the Landfill (ZTL)	This measure is a primary contributor to the company's environmental goals and improving material yield will reduce manufacturing costs. In addition, achieving important Environmental, Social and Governance (ESG) goals reduces risk.
Safety	Safety of company employees is an essential ESG measure.
Legacy Issues	Resolution of these issues is a fundamental component of the company's ESG goals, paving the way to lower risk and more certainty for all stakeholders.
Strategic Positioning	Developing and, as appropriate, implementing, alternative strategic actions for sustainable growth beyond the company's traditional markets will create shareholder value through increased profits and diversification for lower risk.
Managing During the Economic Crisis	With the US building materials industry experiencing a downturn unprecedented in the past 60 years, managing the company through this time so it can emerge at the end of this period in as strong or stronger competitive position in the overall industry is crucial.
Talent Management/Development	Improving management development and capability is important to the company's future growth.

The Supervisory Board is committed to providing a clear explanation of the rationale for the final assessment of performance under the Scorecard at the conclusion of fiscal year 2012.

6.3.1 FY 2010 Short-term incentive

The STI target for senior executives, other than the CFO, is allocated 80% towards corporate goals (under the Executive Incentive Program) and 20% towards individual goals (under the IP Plan)

For fiscal year 2010, the Supervisory Board has decided to transfer 40% of each senior executive's LTI target to the STI target under the Executive Incentive Program. This is a reduction from the 70% transferred in fiscal year 2009.

a) Executive Incentive Program – overview

The Executive Incentive Program will largely remain the same as in fiscal year 2009. The Supervisory Board may allocate a senior executive's STI target to more than one EBIT goal depending on his or her responsibilities.

A number of other amendments have been made to respond to the continuing housing downturn, including indexing the Asia Pacific EBIT goal to housing starts as is currently the case in the US, and paying all amounts under the Executive Incentive Program for fiscal year 2010 in a form of James Hardie equity:

- STI previously paid in cash will now be paid in performance shares; and
- The LTI target (40%) transferred to STI target for fiscal year 2010 will be paid in two-year deferred RSUs (Executive Incentive Program RSUs) which are also subject to the Scorecard.

Achievement of performance at which 100% of STI target is paid will require performance slightly in excess of the company's business plan and budget for fiscal year 2010.

The Supervisory Board believes that paying bonuses in James Hardie equity will increase alignment with shareholders and support the company's liquidity.

(b) Executive Incentive Program – Performance Shares

80% of STI target for senior executives other than the CFO is allocated to the Executive Incentive Program. Other than the changes described above, no changes are proposed to this plan. Shares granted will be subject to the stock ownership guidelines (see section 1.5) and the company's Insider Trading Policy which include restrictions on sale and hedging.

(c) Executive Incentive Program – Executive Incentive Program RSUs

The transfer of 40% of LTI target for senior executives to the STI target, with an award based on fiscal year 2010 performance under the Executive Incentive Program payable in two-year deferred RSUs vesting in May or June 2012, reflects the Supervisory Board's continued concerns about the lack of stability in the US housing market. Reducing the amount of LTI target transferred to STI target in fiscal year 2010 allows the Supervisory Board to transition the remuneration framework closer to its preferred mix of long-term and short-term focus that stabilisation of the US housing market will eventually allow.

The Executive Incentive Program RSUs will be subject to negative discretion based on the Scorecard at the end of fiscal year 2012. Because the Scorecard judgment applied at the end of three years will reduce the potential award, the maximum for out-performance has increased on a straight line basis from 200% of target in fiscal year 2009 to 300% of target in fiscal year 2010.

Before the Executive Incentive Program RSUs vest, the Supervisory Board will assess each senior executive against the long-term objectives set out in the Scorecard and consider how each of them has contributed to the company's performance against those objectives. Depending on each senior executive's score against the Scorecard, between 0 and 100% of their Executive Incentive Program RSUs will vest.

In effect, the Scorecard applies a “claw-back” principle to ensure short-term results in fiscal year 2010 are not obtained at the expense of long-term sustainability.

All other elements of the Executive Incentive Program RSUs will be the same as the Executive Incentive Program RSUs issued in fiscal year 2009.

Calculation of the Executive Incentive Program RSUs at the end of fiscal year 2010 is described below:



¹ Amount of LTI target received as Executive Scorecard RSUs.

Worked example

The following example of how the Executive Incentive Program RSUs operate assumes an LTI target quantum of US\$1,800,000 (the CEO’s fiscal year 2010 LTI target quantum), performance at 110% of EBIT for fiscal year 2010 and a Scorecard rating of 75 out of 100.

Based on 110% of the EBIT goal being achieved, the CEO would receive 150% of the portion of the LTI target quantum received in Executive Scorecard RSUs as follows:

– 40% x US\$1,800,000 x 150% = US\$1,080,000 to be settled in Executive Incentive Program RSUs in May or June 2010. At a value of US\$4/share this is equivalent to 270,000 RSUs.

At the conclusion of the additional two-year performance period in May or June 2012, a number of Executive Incentive Program RSUs are forfeited based on the scorecard rating:

– 270,000 RSUs x 75% = 202,500 RSUs

When the RSUs vest in May or June 2012, their value will be based on the company’s share price at the time:

– 202,500 RSUs x US\$3/share = US\$607,500

– 202,500 RSUs x US\$5/share = US\$1,012,500

Supervisory Board Assessment

The Supervisory Board believes that Executive Incentive Program RSUs are an appropriate incentive vehicle in the current market because they:

- require management to focus on the continuing short-term challenges of the current economic and housing crisis;
- align management with shareholders because the reward vehicle is based on share price;
- focus on long-term results over the three year performance period;
- focus management on sustainable long-term value creation;
- recognise that quantifying a specific long term financial outcome requirement is not yet possible in the current market;
- avoid a mechanistic formula with outcomes based on market movements rather than management action; and
- allow the collective judgment of the independent directors to “claw-back” some or all of the potential value based on a number of long-term objectives identified by the Supervisory Board as being able to affect longer-term outcomes in these uncertain times.

(d) Individual Performance Plan (IP Plan)

20% of STI target for senior executives is allocated to the IP Plan. Other than paying awards under the IP Plan in performance shares rather than cash, no changes are proposed to this plan.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

6.3.2 Long-term incentive

(a) Relative TSR RSUs

There have been no changes to the operation of Relative TSR RSUs and the peer group remains the same. 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. The Supervisory Board also considered whether re-testing continued to be appropriate for Relative TSR RSUs, and determined that it is, given short-term price fluctuations in the price of the company's shares.

(b) Scorecard LTI

At the start of the three-year performance period, the company will calculate the number of shares the senior executives could have acquired if they received a maximum payout on the Scorecard LTI on that date. At the end of the three-year performance period, senior executives are assessed against the Scorecard and will forfeit a proportion of their Scorecard LTI based on their rating. The executive will receive a cash payment based on the company's share price at the end of the period multiplied by the number of shares they could have acquired at the start of the performance period and the senior executive's Scorecard rating.

As with all of the company's other long-term incentive programs, the maximum that can be received is 300% of the Target LTI allocated to Scorecard LTI.

Worked example

The following example of how Scorecard LTI operates assumes an LTI target of US\$1,800,000 (the CEO's fiscal year 2010 LTI target) and a Scorecard rating of 75 out of 100.

At the start of the three-year performance period, the CEO could have acquired the following number of shares if the CEO received a maximum payout on the Scorecard LTI on that date:

– $30\% \times \text{US\$}1,800,000 \times 300\% = \text{US\$}1,620,000$. At a value of US\$4/share this would be equivalent to 405,000 shares.

The payment to the senior executive will depend on the company's share price at the time and their Scorecard rating:

– $405,000 \text{ shares} \times 75\% \times \text{US\$}3/\text{share} = \text{US\$}911,250$

– $405,000 \text{ shares} \times 75\% \times \text{US\$}5/\text{share} = \text{US\$}1,518,750$

Supervisory Board assessment

The Supervisory Board considered a reward that focused on longer-term strategic and operational goals was essential, given that specific longer-term financial objectives cannot be made in the current uncertain housing market. Ensuring that the rewards value is tied to share price ensures alignment with shareholder outcomes. Payment in the form of cash allows flexibility to apply the reward across different countries, while providing executives with liquidity to pay tax at a time that coincides with vesting of shares (via the RSU programs). This facility to pay tax will ensure that executives are not compelled to sell stock to meet tax obligations, and so facilitates an executive being able to satisfy the company's executive stock ownership requirement, further enhancing shareholder alignment.

Further details of the Relative TSR RSUs, Executive Incentive Program RSUs and performance shares granted under the Executive Incentive Program will be set out in the 2009 Notice of Meetings.

6.4 Not At Risk remuneration for fiscal year 2010

No significant changes to Not at Risk remuneration are planned for fiscal year 2010.

7. KEY TERMS OF OUTSTANDING EQUITY GRANTS

2001 JHI NV Equity Incentive Plan (Options)	Annual option 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.
2001 JH NV Equity Incentive Plan (Restricted Stock Units (RSUs))	Annual grant made 17 December 2008. The grant vehicle changed from options to RSUs in 2008.
Offered to	Senior employees other than senior executives.
Vesting schedule	25% of RSUs 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	RSUs convert to shares on vesting.
2005 Managing Board Transitional Stock Option Plan (MBTSOP)	Granted on 22 November 2005.
Offered to	Managing Board directors.
Performance period	Three years from the grant date.
Retesting	Yes, on the last Business Day of each six-month period following the 3rd anniversary and before the 5th anniversary. No options have vested to date
Exercise period	Until November 2015.
Performance condition	TSR compared to a peer group of companies in the S&P/ASX 200 Index on the grant date excluding the companies in the 200 Financials and 200 A-REIT GICS sector indices.
Vesting criteria	<ul style="list-style-type: none"> – 0% vesting if TSR below 50th percentile of peer group. – 50% vesting if TSR at 50th percentile of peer group. – Between 50th and 75th percentiles, vesting on a straight line basis. – 100% vesting if TSR is at least 75th percentile peer group.
James Hardie Industries Long Term Incentive Plan 2006 (LTIP) Option Grants	Granted on 21 November 2006 and 29 August 2007. Grants were divided into two tranches: Return On Capital Employed (ROCE) and Total Shareholder Return (TSR).
Offered to	Managing Board directors.
Performance period	Three years to five years from the grant date.
Retesting	Yes, for the TSR tranche only, on the last Business Day of each six-month period following the 3rd Anniversary and before the 5th Anniversary.
Exercise period	Until five years from the grant date.
Performance condition	<p><i>For the ROCE tranche:</i></p> <p>ROCE performance against the following global peer group of building materials companies in US, 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, Nichiha Corp, Fletcher Building Limited, Martin Marietta Materials Inc, Saint Gobain, Eagle Materials Inc, Texas Industries, Wienerberger AG, Louisiana-Pacific Corporation, Florida Rock Industries Inc, CRH plc, USG Corporation, Vulcan Materials Co and The Siam Cement Plc.</p> <p><i>For the TSR tranche:</i></p> <p>TSR performance against a peer group of comparable companies in the S&P/ASX 100 at the time of grant excluding financial institutions, insurance companies, property trusts, oil and gas producers and mining companies, and adjusted to account for additions and deletions to S&P/ASX 100 during the relevant period.</p>

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

Vesting criteria	<p><i>For the ROCE tranche:</i></p> <ul style="list-style-type: none"> – 0% vesting if ROCE below 60th percentile of peer group. – 50% vesting if ROCE at 60th percentile of peer group. – Between the 60th and 85th percentiles, vesting on a straight line basis. – 100% vesting if ROCE is at 85th percentile of peer group. <p><i>For the TSR tranche:</i></p> <ul style="list-style-type: none"> – 0% vesting if TSR below 50th percentile of peer group. – 50% vesting if TSR at 50th percentile of peer group. – Between 50th and 75th percentiles, vesting on a straight line basis. – 100% vesting if TSR is at 75th percentile peer group.
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2001 JHI NV Equity Incentive Plan Deferred Bonus Program (Restricted Stock Units (RSUs)) One-off grant to senior executives made 17 June 2008
Grant to CEO made 15 September 2008 under James Hardie Industries Long Term Incentive Plan 2006.

Offered to	Senior executives
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.

James Hardie Industries Long Term Incentive Plan 2006 Relative TSR RSUs Relative TSR RSUs granted on 17 September 2008 and 17 December 2008.

Offered to	Senior executives and Managing Board directors
Performance period	Three years from the grant date.
Retesting	Yes, on the last Business Day of each six month period following the 3rd Anniversary and before the 5th Anniversary.
Exercise period	Until five years from the grant date.
Performance condition	TSR performance hurdle compared to the following peer group of companies: 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 and Watsco, Inc.
Vesting criteria	<ul style="list-style-type: none"> – 0% vesting if TSR below 50th percentile of peer group. – 33% vesting if TSR at 50th percentile of peer group. – Between 50th and 75th percentile, vesting is on a straight line basis. – 100% vesting if TSR is at 75th percentile of peer group.
Exercise Price	Nil
Expiration date	On vesting, the RSUs convert into shares granted on a one-for-one basis.

James Hardie Industries Long Term Incentive Plan 2006 Executive Incentive Program RSUs Executive Incentive Program RSUs granted on 29 May 2009.

Offered to	Senior executives and Managing Board directors
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.

8. REMUNERATION TABLES FOR MANAGING BOARD DIRECTORS AND SENIOR EXECUTIVES

8.1 Total remuneration for Managing Board directors for the years ended 31 March 2009 and 2008

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	Non-cash Benefits ²	Super-annuation and 401(k) Benefits	Equity Awards ³	Relocation Allowances, Expatriate Benefits, and Other Non-recurring ⁴	Severance	Total
Managing Board directors								
Louis Gries								
Fiscal year 2009	\$ 863,448	\$ 1,215,876	\$ 268,008	\$ 19,872	\$ 2,146,279	\$ 171,674	\$ –	\$ 4,685,157
Fiscal year 2008	836,763	659,033	143,477	24,741	1,588,941	161,380	–	3,414,335
Russell Chenu								
Fiscal year 2009	676,719	216,453	40,983	60,025	296,514	148,366	–	1,439,060
Fiscal year 2008	712,430	238,851	44,032	63,238	223,959	133,451	–	1,415,961
Robert Cox ⁵								
Fiscal year 2009	444,808	339,300	14,354	–	79,575	308,583	–	1,186,620
Fiscal year 2008	86,538	–	2,332	2,077	–	65,502	–	156,449
Total remuneration for Managing Board directors								
Fiscal year 2009	\$ 1,984,975	\$ 1,771,629	\$ 323,345	\$ 79,897	\$ 2,522,368	\$ 628,623	\$ –	\$ 7,310,837
Fiscal year 2008	\$ 1,635,731	\$ 897,884	\$ 189,841	\$ 90,056	\$ 1,812,900	\$ 360,333	\$ –	\$ 4,986,745

¹ Bonuses in respect of each fiscal year are paid in May or June of the following fiscal year. The amount in fiscal year 2009 includes all incentive amounts accrued for in respect of fiscal year 2009, pursuant to the terms of the applicable plans. The amount in fiscal year 2008 includes all incentive amounts earned in respect of fiscal year 2008, pursuant to the terms of the applicable plans and the cash component of the Deferred Bonus Program.

² Includes the aggregate amount of all non-cash benefits received by the executive in the year indicated. Examples of non-cash 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 Equity awards are valued using either the Black-Scholes pricing model or the Monte Carlo pricing method, depending on the plan the equity awards were issued under, and the fair value of equity awards granted are included in compensation during the period in which the equity awards vest.

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

⁵ Mr Cox joined the company on 14 January 2008 and became a member of the Managing Board effective 7 May 2008. This table covers all of his remuneration for fiscal years 2009 and 2008, including the remuneration before his appointment as a member of the Managing Board.

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REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

8.2 Total remuneration for senior executives for the years ended 31 March 2009 and 2008

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	Non-cash Benefits ²	Super-annuation and 401(k) Benefits	Equity Awards ³	Relocation Allowances, Expatriate Benefits, and Other Non-recurring ⁴	Severance	Total
Senior executives								
Mark Fisher								
Fiscal year 2009	\$ 340,433	\$ 273,670	\$ 35,961	\$ 14,014	\$ 328,408	\$ -	\$ -	\$ 992,486
Fiscal year 2008	326,510	136,890	25,505	11,958	299,823	-	-	800,686
Grant Gustafson								
Fiscal year 2009	324,208	260,623	57,257	14,004	226,176	13,250	-	895,518
Fiscal year 2008	313,077	82,811	29,446	12,681	164,951	29,655	-	632,621
Brian Holte								
Fiscal year 2009	321,942	258,158	41,194	13,953	237,361	-	-	872,608
Fiscal year 2008	315,000	88,191	36,387	10,177	192,783	71,072	-	713,610
Nigel Rigby								
Fiscal year 2009	340,433	273,670	24,967	-	328,408	-	-	967,478
Fiscal year 2008	326,510	136,890	34,307	-	299,823	12,418	-	809,948
Former senior executives								
Peter Baker ⁵								
Fiscal year 2009	357,937	89,484	8,632	32,214	67,986	73,899	82,600	712,752
Fiscal year 2008	341,244	57,958	6,728	30,712	51,296	-	-	487,938
Joel Rood ⁶								
Fiscal year 2009	198,382	-	29,183	-	222,282	33,330	135,208	618,385
Fiscal year 2008	315,000	69,300	37,827	-	190,408	3,879	-	616,414
Total remuneration for senior executives								
Fiscal year 2009	\$ 1,883,335	\$ 1,155,605	\$ 197,194	\$ 74,185	\$ 1,410,621	\$ 120,497	\$ 217,808	\$ 5,059,227
Fiscal year 2008	\$ 1,937,341	\$ 572,040	\$ 170,200	\$ 65,528	\$ 1,199,084	\$ 117,024	\$ -	\$ 4,061,217

¹ Bonuses in respect of each fiscal year are paid in May or June of the following fiscal year. The amount in fiscal year 2009 includes all incentive amounts accrued for in respect of fiscal year 2009, pursuant to the terms of the applicable plans. The amount in fiscal year 2008 includes all incentive amounts earned in respect of fiscal year 2008, pursuant to the terms of the applicable plans and the cash component of the Deferred Bonus Program.

² Includes the aggregate amount of all non-cash benefits received by the executive in the year indicated. Examples of non-cash 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 compliance services.

³ Equity awards are valued using either the Black-Scholes pricing model or the Monte Carlo pricing method, depending on the plan the equity awards were issued under, and the fair value of equity awards granted are included in compensation during the period in which the equity awards vest.

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

⁵ Mr Baker separated from the company effective 31 March 2009. Mr Baker received US\$73,899 on 31 March 2009 as payment for his accrued vacation time and this is recorded as Other Non-recurring in this table.

⁶ Mr Rood separated from the company on 3 November 2008. As part of his separation benefits, Mr Rood 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 Rood received cash of US\$33,330 as payment for his accrued vacation time and this is recorded as Other Non-recurring in this table.

8.3 Equity Holdings for the years ended 31 March 2009 and 2008

8.3.1 Options/RSUs granted to Managing Board directors

(a) Options

Name	Grant Date	Exercise Price per right (A\$)	Holding at 1 April 2008	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 2009	Weighted Average Fair Value per right ⁴
Managing Board directors												
Louis Gries	19 Oct 01 ⁵	3.1321	40,174	200,874	71,732	200,874	160,700	1.98	–	–	40,174	0.3571
	19 Oct 01 ⁵	3.0921	175,023	437,539	168,321	437,539	262,516	2.11	–	–	175,023	0.3847
	17 Dec 01 ⁵	5.0586	324,347	324,347	137,296	324,347	–	–	–	–	324,347	0.4233
	3 Dec 02 ⁵	6.4490	325,000	325,000	210,633	325,000	–	–	–	–	325,000	0.6481
	5 Dec 03 ⁵	7.0500	325,000	325,000	338,975	325,000	–	–	–	–	325,000	1.0430
	22 Nov 05 ⁶	8.5300	1,000,000	1,000,000	2,152,500	–	–	–	–	–	1,000,000	2.1525
	21 Nov 06 ⁷	8.4000	415,000	415,000	888,100	–	–	–	–	–	415,000	2.1400
	21 Nov 06 ⁷	8.4000	381,000	381,000	1,131,570	–	–	–	–	–	381,000	2.9700
	29 Aug 07 ⁷	7.8300	445,000	445,000	965,650	–	–	–	–	–	445,000	2.1700
	29 Aug 07 ⁷	7.8300	437,000	437,000	1,302,260	–	–	–	–	–	437,000	2.9800
Russell Chenu	22 Feb 05 ⁵	6.3000	93,000	93,000	107,973	93,000	–	–	–	–	93,000	1.1610
	22 Nov 05 ⁶	8.5300	90,000	90,000	193,725	–	–	–	–	–	90,000	2.1525
	21 Nov 06 ⁷	8.4000	65,000	65,000	139,100	–	–	–	–	–	65,000	2.1400
	21 Nov 06 ⁷	8.4000	60,000	60,000	178,200	–	–	–	–	–	60,000	2.9700
	29 Aug 07 ⁷	7.8300	68,000	68,000	130,200	–	–	–	–	–	68,000	2.1700
	29 Aug 07 ⁷	7.8300	66,000	66,000	178,800	–	–	–	–	–	66,000	2.9800
Robert Cox	–	–	–	–	–	–	–	–	–	–	–	–

(b) RSUs

Name	Grant Date	Holding at 1 April 2008	Granted	Total Value at Grant (US\$)	Vested	Lapsed	Holding at 31 March 2009	Weighted Average Fair Value per unit
Managing Board directors								
Louis Gries	15 Sep 08 ⁸	–	201,324	746,107	–	–	201,324	3.7060
	15 Sep 08 ⁹	–	558,708	1,592,318	–	–	558,708	2.8500
Russell Chenu	15 Sep 08 ⁹	–	108,637	309,615	–	–	108,637	2.8500
Robert Cox	15 Sep 08 ⁹	–	155,196	442,309	–	–	155,196	2.8500

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.

⁵ Options granted under 2001 JHI NV Equity Incentive Plan. See section 7, page 63 for summary of key terms of options granted.

⁶ Options granted under 2005 Managing Board Transitional Stock Option Plan. See section 7, page 63 for summary of key terms of options granted.

⁷ Options granted under James Hardie Industries Long-Term Incentive Plan 2006 (LTIP). See section 7, pages 63-64 for summary of key terms of options granted.

⁸ Deferred Bonus RSUs granted under Deferred Bonus Program and LTIP. See section 7, page 64 for key terms of Deferred Bonus RSUs.

⁹ Relative TSR RSUs granted under LTIP. See section 7, page 64 for key terms of Relative TSR RSUs.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

8.3.2 Options/RSUs granted to senior executives

(a) Options⁵

Name	Grant Date	Exercise Price per right (A\$)	Holding at 1 April 2008	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 2009	Weighted Average Fair Value per right ⁴
Senior executives												
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	190,000	–	–	–	–	190,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	79,250	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	277,778	277,778	275,064	69,444	–	–	–	–	277,778	0.9903
Grant Gustafson	21 Nov 06	8.4000	158,500	158,500	291,069	79,250	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	222,222	222,222	220,066	55,555	–	–	–	–	222,222	0.9903
Brian Holte	27 Mar 07	8.3500	151,400	151,400	292,187	79,250	–	–	–	–	151,400	1.9299
	10 Dec 07	6.3800	250,000	250,000	247,575	62,500	–	–	–	–	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	190,000	–	–	–	–	190,000	2.0323
	21 Nov 06	8.4000	158,500	158,500	291,069	79,250	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	277,778	277,778	275,084	69,444	–	–	–	–	277,778	0.9903
Former senior executives												
Peter Baker	1 Dec 05	8.9000	40,000	40,000	81,292	40,000	–	–	–	–	40,000	2.0323
	21 Nov 06	8.4000	27,500	27,500	50,501	13,750	–	–	–	–	27,500	1.8364
	10 Dec 07	6.3800	47,619	47,619	47,157	11,904	–	–	–	–	47,619	0.9903
Joel Rood	13 Mar 07	8.9000	146,500	146,500	292,473	73,250	–	–	146,500	1.9964	–	–
	10 Dec 07	6.3800	250,000	250,000	247,575	62,500	–	–	250,000	0.9903	–	–

(b) RSUs

Name	Grant Date	Holding at 1 April 2008	Granted	Total Value at Grant (US\$)	Vested	Lapsed	Holding at 31 March 2009	Weighted Average Fair Value per unit
Senior executives								
Mark Fisher	17 Jun 08 ¹⁰	–	36,066	144,625	–	–	36,066	4.0100
	17 Dec 08 ⁹	–	116,948	268,980	–	–	116,948	2.3000
Grant Gustafson	17 Jun 08 ¹⁰	–	16,459	66,001	–	–	16,459	4.0100
	17 Dec 08 ⁹	–	116,948	268,980	–	–	116,948	2.3000
Brian Holte	17 Jun 08 ¹⁰	–	7,455	29,895	–	–	7,455	4.0100
	17 Dec 08 ⁹	–	116,948	268,980	–	–	116,948	2.3000
Nigel Rigby	17 Jun 08 ¹⁰	–	36,066	144,625	–	–	36,066	4.0100
	17 Dec 08 ⁹	–	116,948	268,980	–	–	116,948	2.3000
Former senior executives								
Peter Baker	17 Jun 08 ¹⁰	–	15,103	60,563	–	15,103	–	4.0100
	17 Dec 08 ⁹	–	19,491	44,829	–	19,491	–	2.3000
Joel Rood	17 Jun 08 ¹⁰	–	14,910	59,789	–	14,910	–	4.0100

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.

^{5, 6, 7, 8, 9} See footnotes on page 67.

¹⁰ Deferred Bonus RSUs granted under Deferred Bonus Program and 2001 JHI NV Equity Incentive Plan. See section 7, page 64, for key terms of Deferred Bonus RSUs.

8.3.3 Managing Board directors' relevant interests in JHI NV

Changes in Managing Board directors' relevant interests in JHI NV securities between 1 April 2008 and 31 March 2009 are set out below:

	CUFS at 1 April 2008	CUFS at 31 March 2009	Options at 1 April 2008 and 1 April 2009 ¹	RSUs granted September and November 2008	RSUs at 31 March 2009
Managing Board directors					
Louis Gries	127,675	127,675	3,867,544	760,032	760,032
Russell Chenu	20,000	25,000	442,000	108,637	108,637
Robert Cox	–	–	–	155,916	155,196

¹ The company replaced options with restricted stock units (RSUs) as a long-term incentive vehicle in fiscal year 2009.

8.4 Loans

The company did not grant loans to Managing Board directors or senior executives during fiscal year 2009. There are no loans outstanding to Managing Board directors or senior executives.

9. EMPLOYMENT CONTRACTS

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

9.1 CEO's employment contract

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

Components	Details
Length of contract	Initially a 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\$900,000 for fiscal year 2009. Salary reviewed annually by the Supervisory Board.
Short-term incentive	Annual STI target is 100% of annual base salary for the current year. The quantum of STI target is reviewed annually by the Supervisory Board. 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 is calculated under the Executive Incentive Plan (which includes the IP Plan).
Long-term incentive	On the approval of 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. For fiscal year 2010, the LTI target remains unchanged at \$1.8 million.
Defined Contribution Plan	The CEO may participate in the US 401(k) defined contribution plan up to the annual US Internal Revenue Service (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 CEO's 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 CEO's annual base salary at the time of termination; and b. amount equivalent to 1.5 times the CEO'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. This arrangement is a standard arrangement for US executives and the Supervisory Board considers that it is an appropriate restraint for Mr Gries given his intimate involvement in developing the company's fibre cement business in the United States over the past 18 years.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

9.2 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\$848,600 for fiscal year 2009. Salary reviewed annually by the Supervisory Board.
Short-term incentive	Annual STI target is 33% of annual base salary as set out in his employment contract, based on personal goals under the IP Plan. The CFO does not participate in the Executive Incentive Plan for his short-term incentive other than the arrangement in fiscal years 2009 and 2010 where some of the CFO's LTI target was transferred to STI target under the Executive Incentive Program.
Long-term incentive	On the approval of 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, a pro-rata amount of each tranche of the CFO's unvested options or other form of equity 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 or vesting date, B is the number of months from the date of grant until the first testing or vesting date and C is the total number of options or other form of equity granted in the relevant tranche. The remaining unvested/unexercised options or other form of equity will continue as if the CFO remained employed by the company until the first testing or vesting date, at which point any options or other form of equity 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.

9.3 General Counsel's employment contract

Details of the General Counsel's employment contract are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	US\$450,000 for fiscal year 2009. Salary reviewed annually by the Supervisory Board.
Short-term incentive	Annual STI target is 65% of annual base salary as set out in his employment contract. The General Counsel's short-term incentive is calculated under the Executive Incentive Plan (which includes the IP Plan).
Long-term incentive	On the approval of 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\$500,000.
Resignation	The General Counsel may cease employment with the company by providing 30 days' written notice.
Termination by James Hardie	The company may terminate the General Counsel's employment for cause or not for cause. If the company terminates the employment, not for cause, or the General Counsel terminates his employment "for good reason", the company may request the General Counsel to consult to the company for two years as set out below. No other termination payment is payable.
Post-termination Consulting	Depending on the reasons for termination, the company may request the General Counsel, and the General Counsel will agree, to consult to the company for two years upon termination, as long as he signs and complies with 1) a consulting agreement, which will require him 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 General Counsel's annual base salary as of the termination date for each year of consulting.

9.4 Benefits contained in contracts for Managing Board

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

International Assignment	The Managing Board directors receive additional benefits due to international assignment: housing allowance, expatriate Goods and Services allowance, moving and storage.
Other	<p>Tax Equalisation: The company covers the extra personal tax burden imposed by residency in The Netherlands.</p> <p>Tax Advice: The company will pay the costs of filing income tax returns to the required countries.</p> <p>Health, Welfare and Vacation Benefits: Eligible to receive all health, welfare and vacation benefits offered to all US employees, or similar benefits. Are also eligible to participate in the company's Executive Health and Wellness program.</p> <p>Business Expenses: Entitled to receive reimbursement for all reasonable and necessary travel and other business expenses incurred or paid for in connection with the performance of their services under their employment agreements.</p> <p>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.</p>

9.5 Senior executives' employment contracts

Details of employment contracts for US-based senior executives (other than Brian Holte⁴) are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	Base salary is subject to Remuneration Committee approval and reviewed annually.
Short-term incentive	An annual STI target is set at a percentage of the senior executive's salary. The STI target is 55% and reviewed annually.
Long-term incentive	Upon the approval of the Supervisory Board, RSUs have been granted under the LTIP plan in the form of Relative TSR RSUs and Executive Incentive Program RSUs.
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.
Resignation	The senior executive may cease employment with the company by providing 30 days' written notice.
Termination by James Hardie	The company may terminate the senior executive's employment for cause or not for cause. Other than the post-termination consulting arrangement discussed below for a termination without cause or a resignation for good reason, no other termination payments are payable.
Post-termination Consulting	Depending on the 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	<p>Health, Welfare and Vacation Benefits: Eligible to receive all health, welfare and vacation benefits offered to all US employees and also eligible to participate in the company's Executive Health and Wellness program.</p> <p>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.</p> <p>Automobile: The company will either lease an automobile for business and personal use by the senior executive, or, in the alternative, the executive will be entitled to an automobile lease allowance not to exceed US\$750 per month.</p>

⁴ 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

10. REMUNERATION FOR SUPERVISORY BOARD

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

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

10.1 Remuneration structure

Supervisory Board directors are paid a base fee for service on the James Hardie Board. Additional fees are paid to the person occupying the positions of Chairman, Deputy Chairman and Board Committee Chairman and to members of the Due Diligence Committee.

During fiscal year 2009, the Remuneration Committee commissioned an external review of Supervisory Board directors' fees, using US and Australian market data and taking into consideration the level of fees paid to chairmen and directors of companies with similar size, complexity of operations and responsibilities, and workload requirements. As a result of the review, the Remuneration Committee recommended increasing the Chairman's base fee to US\$300,000, effective 1 January 2009. This increase brought the Chairman into line with the company's peers in Australia and the US, and reflected the heavy workload of a Chairman associated with an Australian-listed company with a European domicile and the majority of its business in the US. In addition, the Remuneration Committee recommended an increase to the base fees for Supervisory Board directors from US\$120,000 to US\$130,000, effective 1 April 2009. In recognition of the current economic climate, all of these fee increases (after deducting applicable taxes) will be received in James Hardie shares, under the Supervisory Board Share Plan or otherwise.

The fees paid in fiscal 2009, and payable in fiscal 2010 are:

(Amounts in US dollars)

Role	Fiscal 2009	Fiscal 2010
Chairman	\$215,000 ¹ \$300,000 ²	\$300,000
Deputy Chairman	\$175,000	\$175,000
Board member	\$120,000	\$130,000
Audit Committee Chairman	\$20,000	\$20,000
Remuneration or Nominating and Governance Committee Chairman	\$10,000	\$10,000

¹ Annualised rate to 31 December 2008

² Annualised rate from 1 January 2009

During fiscal year 2009, the Supervisory Board formed a Due Diligence Committee, comprised of representatives from the Supervisory Board together with the Managing Board and a representative of the company's management. This committee was formed to assist the Supervisory and Managing Boards with reviewing and considering alternative proposals to move the company's domicile.

Directors who attended meetings of the Due Diligence Committee received fees of US\$1,500 per meeting (and US\$3,000 for the Chairman) in addition to their base fee. The Due Diligence Committee met five times in fiscal year 2009.

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, restricted stock units or performance rights.

10.2 Board Accumulation Policy

Supervisory Board directors are expected to 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.

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 director will be required to apply more than 50% of the cash component of his or her fees, on a post-tax basis, over a six-year period, toward satisfying this requirement.

10.3 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. The Supervisory Board considers the SBSP as a vehicle Supervisory Board directors can use to achieve their target shareholding under the Board Accumulation Policy.

JHI NV shares received under the SBSP can be either acquired on market or new shares issued by the company. 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.

10.4 Director retirement benefits

No Supervisory Board directors retain any director retirement benefits.

10.5 Total remuneration for Supervisory Board directors for the years ended 31 March 2009 and 2008

The table below sets out the remuneration for the Supervisory Board directors who served on the Board during the fiscal years ended 31 March 2009 and 2008:

(US dollars)	Primary	Equity		
Name	Directors' Fees ¹	JHI NV Stock ²	Other Benefits ³	Total
Supervisory Board directors				
Michael Hammes ⁴				
Fiscal year 2009	\$ 222,500	\$ 21,250	\$ 3,988	\$ 247,738
Fiscal year 2008	60,636	59,583	3,192	123,411
Donald McGauchie ⁴				
Fiscal year 2009	185,000	–	11,627	196,627
Fiscal year 2008	136,000	50,000	3,192	189,192
Brian Anderson ⁴				
Fiscal year 2009	155,000	–	1,300	156,300
Fiscal year 2008	71,000	50,000	3,192	124,192
David Harrison ^{4, 5}				
Fiscal year 2009	105,537	–	4,178	109,715
Fiscal year 2008	N/A	N/A	N/A	N/A
James Osborne ⁶				
Fiscal year 2009	6,333	–	–	6,333
Fiscal year 2008	N/A	N/A	N/A	N/A
Rudy van der Meer ⁴				
Fiscal year 2009	60,000	60,000	14,407	134,407
Fiscal year 2008	51,000	50,000	–	101,000
Former Supervisory Board directors				
David Andrews ^{4, 7}				
Fiscal year 2009	116,806	–	14,455	131,261
Fiscal year 2008	30,782	29,167	3,192	63,141
Don DeFosset ^{4, 8}				
Fiscal year 2009	50,217	–	11,553	61,770
Fiscal year 2008	175,863	91,667	27,394	294,924
James Loudon ^{4, 9}				
Fiscal year 2009	47,283	–	5,538	52,821
Fiscal year 2008	101,000	–	3,192	104,192
Catherine Walter ¹⁰				
Fiscal year 2009	113,667	–	1,300	114,967
Fiscal year 2008	37,500	37,500	3,192	78,192
Total remuneration for Supervisory Board directors				
Fiscal year 2009	\$ 1,062,343	\$ 81,250	\$ 68,346	\$ 1,211,939
Fiscal year 2008	\$ 663,781	\$ 367,917	\$ 46,546	\$ 1,078,244

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

² The actual amount spent by each Supervisory Board member was determined after deducting applicable Dutch taxes from this amount. The number of JHI NV shares acquired was determined by dividing the amount of participation in the Supervisory Board Share Plan 2006 (which we refer to as SBSP) by the market purchase price.

³ Other Benefits includes the cost of non-executive directors' fiscal compliance in The Netherlands. For Mr DeFosset, fiscal year 2008 also includes for the period he was Chairman of the Joint and Supervisory Boards, office costs, the personal use of a company laptop and PDA phone.

⁴ 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 2009, we paid US\$2,688, US\$2,878, US\$10,327, US\$14,407, US\$13,155, US\$10,253 and US\$4,238 for spousal travel for Messrs. Hammes, Harrison, McGauchie, van der Meer, Andrews, DeFosset and Loudon, respectively. In fiscal year 2008, we paid US\$15,984, US\$16,331 and US\$21,865 for spousal travel for Messrs Hammes, McGauchie and Anderson, respectively.

⁵ Mr Harrison was appointed to the company's Joint and Supervisory Boards effective 19 May 2008.

⁶ Mr Osborne was appointed to the company's Joint and Supervisory Boards effective 12 March 2009.

⁷ Mr Andrews was appointed to the company's Joint and Supervisory Boards effective 1 September 2007. Mr Andrews resigned from the Joint and Supervisory Boards on 10 February 2009.

⁸ Mr DeFosset resigned from the Joint and Supervisory Boards effective 31 August 2008.

⁹ Mr Loudon resigned from the Joint and Supervisory Boards on 22 August 2008.

¹⁰ Mrs Walter resigned from the Joint and Supervisory Boards on 13 March 2009.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

JAMES HARDIE INDUSTRIES NV AND SUBSIDIARIES

10.6 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 2008	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 2009
Supervisory Board directors						
Michael Hammes	15,859 ²	NA	–	5,605	N/A	21,464
Donald McGauchie	15,372 ³	NA	–	–	N/A	15,372
Brian Anderson	6,124	NA	–	–	N/A	6,124
David Harrison	NA	–	10,000 ⁴	–	–	10,000
James Osborne	NA	–	–	–	–	–
Rudy van der Meer	4,410	NA	–	11,945	N/A	16,355
Former Supervisory Board directors						
David Andrews	3,903 ⁵	–	–	–	3,903	–
Don DeFosset	25,877	–	–	–	25,877	–
James Loudon	12,655	–	–	–	12,655	–
Catherine Walter	11,407 ⁶	–	–	–	11,407	–

¹ Shares purchased under SBSP were acquired on 13 March 2009 at a price of A\$3.7254.

² 9,000 shares/CUFS held as ADRs.

³ 6,000 shares held for the McGauchie Superannuation Fund.

⁴ Held as ADRs.

⁵ Held for the Andrews Revocable Trust.

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

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