2010 REMUNERATION REPORT

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

Sections 1–7 of this report describe the remuneration policy for the senior executives (which in this report include the members of the Managing Board and the CEO's US-based direct reports). Although we ceased to be a Dutch Societas Europaea company and became an Irish Societas Europaea company on 17 June 2010, we have prepared a Dutch annual report for fiscal year 2010 and therefore have included in section 11 of this report a description of the company's departures from the Best Practice Recommendations in the Dutch Code on Corporate Governance (Dutch Code), and the reasons for these.

Irish law does not require the company to produce a remuneration report or to submit it to shareholders. Similarly, the company is not required under the ASX Corporate Governance Council Principles and Recommendations or section 300A of the Corporations Act to submit a remuneration report to shareholders for a non-binding vote.

However, the company has produced, and submitted for non-binding shareholder approval, a remuneration report for some years and currently intends to continue to do so. Taking into consideration the company's large Australian shareholder base, the company has voluntarily elected to provide the information relating to remuneration of the company's senior executives for fiscal year 2010 in sections 2 and 8 to 10 of this report, which is intended to provide information similar to that provided by Australian incorporated listed companies in their remuneration reports. In addition, although also not required under the ASX Corporate Governance Council Principles and Recommendations or section 300A of the Corporations Act, the company has voluntarily elected in section 6 of this report to provide shareholders with an outline of the company's proposed remuneration framework for fiscal year 2011.

During fiscal year 2010, the Remuneration Committee retained Towers Watson, formerly called Towers Perrin (in the United States) and Guerdon Associates (in Australia) as its independent advisers. In addition, the company retained Hewitt Associates as its compensation external remuneration advisor.

References in this document to the Managing or Supervisory Board are references to those Boards of James Hardie as a NV and later a Dutch Societas Europaea company.

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

1.1 Objectives

James Hardie's compensation philosophy is to provide competitive compensation, compared with US companies, that emphasises operational excellence and shareholder value creation through long and short-term incentives which link executive remuneration with the interests of shareholders and attract, motivate and retain high-performing executives.

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

1.2 Policy

Compensation is managed to align compensation received with performance achieved relative to peers.

Compensation packages for senior executives comprise fixed salary benefits (Fixed Remuneration) and variable performance pay, based on both short-term incentives (STI) and long-term incentives (LTI) (Variable Remuneration).

The company's policy is for fixed pay and benefits for senior executives to be positioned at the market median and total target direct compensation (comprising salary and target STI and LTI) to be positioned at the market 75th percentile if stretch target performance goals are met.

Performance hurdles for target STI and LTI payments are set in the expectation that the company will deliver results in the top quartile of its listed US building products peer group companies. If the relevant performance hurdles are not met, the amount payable under the STI and LTI targets will be less.

1.3 Setting remuneration packages

Remuneration and individual packages for the CEO and senior executives are evaluated by the Remuneration Committee annually to make sure that they continue to achieve the company's objectives and are competitive with developments in the market. Changes to the remuneration framework are recommended by the Remuneration Committee to the Board from time to time.

The Board makes the final remuneration decisions concerning remuneration for the CEO and senior executives. The CEO's remuneration package is reviewed by the Remuneration Committee, which recommends any changes to the Board for final approval. The CEO makes recommendations to the Remuneration Committee on the remuneration packages of the senior executives, which in turn makes recommendations to the Board. Remuneration decisions are based on the company's remuneration policy and framework, and take into account the individual's competencies, skills and performance; the specific roles and responsibilities of the relevant position; advice received by the Remuneration Committee from external independent compensation advisers; 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 comparison purposes in setting remuneration (Fixed and Variable Remuneration at target and at maximum as well as actual payouts for Variable Remuneration) for the CEO and the company's senior executives. As the company's main business and most of its senior executives are in the US, the peer group used by the company is US listed companies exposed to the US housing market.

At the end of fiscal year 2010 the Remuneration Committee commissioned Towers Watson to conduct a comprehensive benchmarking survey of the compensation positioning of the CEO, senior executives and the next level of management. That review indicated that the CEO's Variable Remuneration had fallen below the Board's target levels and recommended an increase in his STI and LTI targets, which will apply in fiscal year 2011. However, it is expected that further adjustments will need to be applied to the CEO's LTI target levels beyond fiscal year 2011 in order to bring his total target Variable Remuneration in line with the Board's policy. That review also indicated that senior executive Fixed Remuneration is around the Board's market median target levels and therefore most of the company's senior management, including the CEO, will not receive any base salary increases for fiscal year 2011 in the absence of a change in the scope of their role.

1.4 Senior executives

The remuneration policy for senior executives is the same irrespective of whether they were or were not members of the Managing Board. For the purpose of this report, the company will report the remuneration details of the following senior executives:

Senior executives:

– Louis Gries, Chief Executive Officer and Chairman of the Managing Board[1]

– Russell Chenu, Chief Financial Officer and member of the Managing Board[2]

– Robert Cox, General Counsel and member of the Managing Board[3]

– Mark Fisher, Executive General Manager – International[4]

– Nigel Rigby, Executive General Manager – USA[5]

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 which require 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

Until the guideline has been achieved, a senior executive is required to retain at least 75% of shares obtained under the company's long-term equity incentive plans, by exercising of options or vesting of restricted stock units (RSUs) (net of taxes and other costs).

Even after the guideline has been achieved, senior executives will be required to retain at least 25% of stock obtained under the company's long-term equity incentive plans by exercising of options or vesting of RSUs (net of taxes and other costs).

Details of the company's policy regarding employees hedging James Hardie shares or grants under various equity incentive plans are set out on page 74 of the Corporate Governance Report within this annual report.

[1] From 1 April 2009 to 17 June 2010 Louis Gries was Chairman of the Managing Board. Mr Gries remains an executive employed by the company.

[2] From 1 April 2009 to 17 June 2010 Russell Chenu was a member of the Managing Board. Mr Chenu remains an executive employed by the company.

[3] From 1 April 2009 to 17 June 2010 Robert Cox was a member of the Managing Board. Mr Cox remains an executive employed by the company.

[4] From 1 April 2009 to the beginning of 2010 Mark Fisher was Vice President – Research and Development.

[5] From 1 April 2009 to the beginning of 2010 Nigel Rigby was Vice President – General Manager Eastern Division.

2. STRUCTURE AND OVERVIEW OF REMUNERATION PACKAGES

The proportions of the Fixed and Variable Remuneration components of James Hardie's remuneration packages, based on actual remuneration received for performance in fiscal year 2010, are shown in the following table:

	Fixed Remuneration[1]	Variable Remuneration			
	Salary, Non-cash Benefits, Superannuation, 401(k) etc	STI Incentive[2]	Equity (RSUs)[3]	Scorecard LTI[4]	Total Variable
	%	%	%	%	%
Senior executives, including Managing Board					
Louis Gries	18	21	43	18	82
Russell Chenu	46	10	31	13	54
Robert Cox	26	19	40	15	74
Mark Fisher	25	23	36	16	75
Nigel Rigby	24	24	36	16	76

[1] See section 4 of this report.

[2] See section 3 of this report. This includes short-term incentive paid in Performance Shares to current senior executives under the Executive Incentive Plan in June 2010 for performance in fiscal year 2010.

[3] See section 3 of this report. This includes long-term incentive paid under the Long Term Incentive Plan with Relative TSR RSUs granted in September and December 2009 and Executive Incentive Program RSUs granted May 2010 for performance in fiscal year 2010. This amount includes the actual value received in respect of fiscal year 2010 rather than the value used for accounting purposes.

[4] See section 3 of this report. This includes awards of Scorecard LTI under the Long Term Incentive Plan granted in June 2010. This amount includes the actual value received in respect of fiscal year 2010 rather than the value used for accounting purposes.

3. VARIABLE REMUNERATION IN FISCAL YEAR 2010

3.1 Overview of Variable Remuneration in fiscal year 2010

Senior executives are eligible to participate in one or more incentive plans containing Variable 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. Variable remuneration is at risk and consists of STIs and LTIs earned by meeting or exceeding specified performance goals. The company's Variable Remuneration incentive plans for senior executives in fiscal year 2010 are set out below:

Duration	Plan Name	Form of Incentive	Further Details
Short-term incentive (1–3 years)	Executive Incentive Plan	Performance Shares	Section 3.3.1(b) below
		RSUs with vesting deferred for two years and subject to the Scorecard (Executive Incentive Program RSUs)	Sections 3.2 and 3.3.1(c) below
	Individual Performance Plan (IP Plan)	Performance Shares	Section 3.3.1(d) below
Long-term incentive (3–5 years)	Long Term Incentive Plan (LTIP)	RSUs with relative TSR[1] performance hurdles (Relative TSR RSUs)	Section 3.3.2(a) below
		Cash payment based on share price performance and subject to the Scorecard (Scorecard LTI)	Section 3.2 and 3.3.2(b) below

[1] TSR refers to Total Shareholder Return.

3.2 Scorecard

In fiscal year 2010 the Board introduced a Scorecard as a component of some of its Variable Remuneration plans to ensure management focus on financial, strategic, business, customer and people components important to long-term creation of shareholder value. The Scorecard reflects a number of key objectives and the outcomes the Board expects to see achieved in these components. Although most of the components in the Scorecard have quantitative targets, the company has not allocated a specific weight to any of the components and the final Scorecard assessment will involve an element of judgment by the Board. The Board may also give different weights to different components when weighing Executive Incentive Program and Scorecard LTI results. Individual senior executives may receive different ratings depending on their contribution to achieving the Scorecard components. The Board will monitor progress against the Scorecard annually.

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

When the Scorecard for fiscal year 2010 LTI grants is applied at the conclusion of fiscal year 2012, senior executives may receive all, some, or none of their awards under these plans. The Scorecard can only be applied by the Board 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 Board considers these components are appropriate, are set out below. An overview of management's performance in fiscal year 2010 against the measures in the Scorecard is set out in section 5.4 of this report. Further details of the Scorecard, including the method of measurement, historical performance against the proposed measures and the Board's expectations, were set out in the 2009 Notice of Meetings.

Measure	Reasons
US Primary Demand Growth	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 and remodel segments, 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.
US 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.
US Zero to Landfill	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 Downturn	With the US building materials industry continuing to experience 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 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.

3.3 Details of Variable Remuneration components in fiscal year 2010

3.3.1 Short-term incentives

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

STI target is determined as a percentage of base salary. The STI target for senior executives was:

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

In addition to this STI target, for fiscal year 2010, the Board decided to also transfer 40% of each senior executive's LTI target to the STI target under the Executive Incentive Plan.

All short-term incentives for current senior executives in fiscal year 2010 were paid in a form of James Hardie shares, being either Performance Shares (for Executive Incentive Plan and IP Plan performance) or Executive Incentive Program RSUs.

(a) Executive Incentive Plan overview

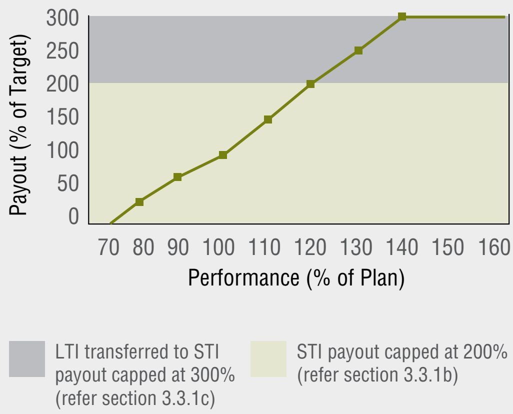
The Executive Incentive Plan rewards managers based on their performance against EBIT goals adopted at the start of each fiscal year. EBIT goals for fiscal year 2010 were derived internally based on the prevailing business environment and outlook. The targets were then reviewed by the Remuneration Committee before final approval by the Board. Similarly, the final results achieved under the Executive Incentive Program were reviewed by the Remuneration Committee before final approval by the Board.

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

- Corporate senior executives, including Managing Board directors, had a goal based on consolidated group EBIT result in US$, indexed depending on changes to housing starts over the performance period, excluding legacy costs; and
- US and Asia Pacific senior executives had a goal based on the EBIT of their business in US$ and A$ respectively, also indexed depending on changes to housing starts over the performance period.

Senior executives could earn between 0% and 200% of their STI target and 0 and 300% of their LTI transferred to STI, based on the payout schedule below:

Executive Incentive Plan payout schedule



(b) Executive Incentive Plan – Performance Shares

80% of STI target for senior executives other than the CFO was allocated to the Executive Incentive Plan and payable in Performance Shares based on the company's average closing price on the 10 business days preceding the grant date. The maximum payout was capped at 200% of target STI.

Since US executives are required to pay State and Federal income taxes on the day their bonus is paid, the grant of performance shares was made based on the net amount payable to senior executives. Sale of these shares is subject to the company's insider trading policy and the shares issued are not subject to any further vesting or restriction conditions.

Grants of performance shares were calculated as follows:

STI target x 80%[1] x Gross payout based on performance against EBIT goal – Tax payable on gross payout = Corporate component of STI received in Performance Shares

[1] Amount of STI target allocated to the Executive Incentive Plan

Board's assessment of Executive Incentive Plan

The Executive Incentive Plan rewards directly-measurable performance. Indexing the goal for 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. Setting different EBIT goals depending on the senior executive's responsibilities is intended to ensure that their incentive is tied to factors within their control.

(c) Executive Incentive Plan – transfer of 40% of LTI to STI

In the 2009 Remuneration Report the Board described its continued concerns about the lack of stability in the US housing market. To deal with this the Board decided to maintain a focus on shorter term results by continuing to transfer some of the LTI target to the Executive Incentive Plan. However, the proportion of LTI target transferred was reduced from the 70% in fiscal year 2009 to 40% in fiscal year 2010. In addition, in order to ensure that this focus did not come at the expense of longer term outcomes, the Board introduced a new mechanism, the Scorecard (described in section 3.2 above), to allow it to assess each senior executive against the company's long-term objectives set out in the Scorecard, and consider how each senior executive has contributed to the company's performance against those objectives. Senior executives were granted Executive Incentive Program RSUs in June 2010. Depending on the Board's rating of an executive under the Scorecard, between 0% and 100% of these RSUs granted in June 2010 will vest in June 2012.

Because the Scorecard judgment applied in June 2012 may 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 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 in fiscal year 2010 were the same as in fiscal year 2009.

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

LTI target	x	40%[1]	x	Payout based on performance against 2010 EBIT goal	=	Value granted in Executive Incentive Program RSUs	x	Scorecard rating in 2012 (0–100%)	=	Executive Incentive Program RSUs vesting

[1] Amount of LTI target received as Executive Incentive Program RSUs

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

The Board believes that the transfer of 40% of LTI to STI under the Executive Incentive Program RSUs combined with the Scorecard is an appropriate incentive vehicle in the current market because it:

– requires management to focus on the continuing short-term challenges of the current economic downturn;

– aligns management with shareholders because the reward vehicle is based on share price;

– focuses on long-term results over the three year performance period;

– focuses management on sustainable long-term value creation;

– avoids a mechanistic formula with outcomes based on market movements rather than management action; and

– allows 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 Board as being able to affect longer-term outcomes in the currently prevailing uncertain economic environment.

(d) Individual Performance Plan (IP Plan) – Performance Shares

In fiscal year 2010, 20% of STI target for senior executives other than the CFO was allocated to the IP Plan (which is part of the Executive Incentive Plan for the senior executives) and payable in Performance Shares based on the company's average closing price on the 10 business days preceding the grant date. The maximum payout was capped at 150% of STI target.

Senior executives who participated in the Executive Incentive Plan were assessed on their individual performance based on the IP Plan.

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 Board and Remuneration Committee. Senior executives are 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 Board at the end of the fiscal year.

Since US executives are required to pay State and Federal income taxes on the day their bonus is paid, the grant of performance shares was made based on the net amount payable to senior executives. Sale of these shares is subject to the company's insider trading policy and the shares are not subject to any further vesting or restriction conditions.

Final grants of performance shares at the end of fiscal year 2010 were calculated as follows:

STI target	x	20%[1]	x	Performance rating multiple or fraction	–	Tax payable on gross payout	=	Individual component of STI received in Performance Shares

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

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 Plan.

3.3.2 Long-term incentives

As described in 3.2.1(c) above, 40% of the LTI target for senior executives in fiscal year 2010 was allocated as grants of RSUs based on the company's performance under the Executive Incentive Plan during fiscal year 2010. The remaining 60% of the LTI target was allocated as grants of RSUs based on the company's total shareholder return (Relative TSR RSUs) relative to its peers and grants of cash-settled awards based on the company's stock price performance and the Scorecard (Scorecard LTI).

The company's long-term incentive programs have a maximum payout of 300% of the LTI target.

(a) Relative TSR RSUs

30% of LTI target for senior executives in fiscal year 2010 was allocated as grants of Relative TSR RSUs.

The peer group for the Relative TSR RSUs is companies exposed to the US housing market. This peer group was reviewed and approved by the Remuneration Committee during the year. The Board and Remuneration Committee believe that US companies form a more appropriate peer group than ASX listed companies as they are exposed to the same macro factors in the US housing market as the company faces. The names of the companies comprising the peer group for each grant of Relative TSR RSUs are 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 after the third year, and then every six months during, until the end of year 5, 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%

Board's assessment of the Relative TSR RSU component of Long Term Incentive Plan

The Board considered whether re-testing is appropriate for Relative TSR RSUs, given some investors prefer a single test for relative performance measures. The 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 currently prevailing uncertain economic environment. In addition, this approach extends the motivational potential of the Relative TSR RSUs from three to five years, so is more effective from a cost-benefit perspective.

(b) Scorecard LTI

30% of LTI target for senior executives in fiscal year 2010 was allocated as grants of Scorecard LTI awards.

Scorecard LTI was described in the 2009 Remuneration Report and first introduced in fiscal year 2010. Scorecard LTI is a cash-settled award with the final payout based on the company's share price performance over the three years from the grant date and a senior executive's Scorecard rating.

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 will be assessed by the Board under the Scorecard. Depending on each senior executive's rating under the Scorecard, between 0% and 100% of these awards will vest in June 2012. 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, adjusted downward in accord with the senior executive's Scorecard rating.

Board assessment of Scorecard LTI

The Board introduced Scorecard LTI because it considered that a reward that focused on longer-term strategic and operational goals was essential, given that specific longer-term financial objectives cannot be set in the currently prevailing uncertain economic environment. Ensuring that the rewards value is tied to share price provides alignment with shareholder outcomes. Moreover, payment in 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).

(c) Long term incentives below senior executive level

In fiscal year 2010, selected employees other than senior executives received equity-based long-term incentives in the form of RSUs under the 2001 JHI SE 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.

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 Board is satisfied that this practice is necessary to attract and retain US employees and is particularly effective in the current environment for the conservation of the company's capital.

3.4 Variable Remuneration paid in fiscal year 2010

Details of the Variable Remuneration, including the percentage of the maximum Variable Remuneration awarded to or forfeited by senior executives for performance in fiscal year 2010 are set out below. Both Relative TSR RSUs and Scorecard LTI granted for performance in fiscal year 2010 are not included in the table as they are granted on a dollar value determined by the Remuneration Committee and would only be forfeited during fiscal year 2010 in limited circumstances, all of which involve the employee ceasing employment. All amounts shown in this table relating to fiscal year 2010 were paid or granted in June 2010.

	STI[1]		STI transferred from LTI[2]	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Senior executives, including Managing Board				
Louis Gries	100	0	100	0
Russell Chenu	100	0	100	0
Robert Cox	92	8	100	0
Mark Fisher	100	0	100	0
Nigel Rigby	100	0	100	0

[1] Awarded = % of fiscal year 2010 STI maximum actually paid. Forfeited = % of fiscal year 2010 STI maximum foregone. These amounts were paid as grants of Performance Shares under the Executive Incentive Plan and IP Plan to current senior executives. These amounts do not include the Executive Incentive Program RSUs granted following the transfer of LTI to STI. The after-tax value earned by for performance was granted in the form of Performance Shares to senior executives in June 2010.

[2] Awarded = % of fiscal year 2010 transfer of LTI to STI maximum which actually paid. Forfeited = % of fiscal year 2010 transfer of LTI to STI which was foregone. The value earned for performance in fiscal year 2010 was granted in the form of Executive Incentive Program RSUs in June 2010.

3.5 Variable Remuneration payable in future years

Details of the value of the Variable Remuneration for fiscal year 2010 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 amount payable will depend on the share price at time of vesting, and is therefore not possible to determine. The table below is based on the fair value of the RSUs and Scorecard LTI according to US GAAP accounting standards.

(US dollars)	Scorecard LTI[1]			Executive Incentive Program RSUs[2]			Relative TSR RSUs[3]		
	2011	2012	2013[4]	2011	2012	2013[4]	2011	2012	2013[4]
Senior executives, including Managing Board									
Louis Gries	891,764	894,207	200,341	870,588	1,072,846	199,327	1,416,390	730,464	274,444
Russell Chenu	173,399	173,874	38,955	169,281	208,609	38,758	275,409	142,034	53,360
Robert Cox	247,711	248,390	55,650	241,830	298,012	55,368	393,442	202,906	76,234
Mark Fisher	148,627	149,034	33,390	145,097	178,806	32,221	229,851	120,739	45,740
Nigel Rigby	148,627	149,034	33,390	145,097	178,806	32,221	229,851	120,739	45,740

[1] Represents annual SG&A expense for Scorecard LTI granted in June 2010 for performance in fiscal year 2010. The final value of the Scorecard LTI is based on the company's share price and the senior executive's Scorecard rating at the time of vesting. Since neither the Scorecard rating nor the JHI SE share price in years 2011, 2012 or 2013 are known at this time, this table assumes a common Scorecard rating for all executives, and no changes to the share price.

[2] Represents annual SG&A expense for the Executive Incentive Program RSUs granted in June 2010 for performance in fiscal year 2010, with fair market value estimated using the Black Scholes option-pricing model.

[3] Represents annual SG&A expense for the Relative TSR RSUs granted in September and December 2009 with fair market value estimated using the Monte Carlo option-pricing method.

[4] There will be no accounting charge for fiscal year 2010 LTI grants after fiscal year 2013.

4. FIXED REMUNERATION IN FISCAL YEAR 2010

Fixed 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 2010

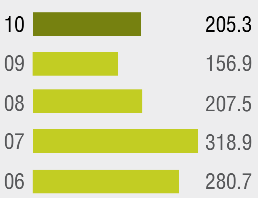
5.1 Board assessment of performance

The Remuneration Committee reviewed and discussed with the Audit Committee both the EBIT goals set at the start of fiscal year 2010, and the results against the EBIT goals at the end of fiscal year 2010, before recommending these goals for approval by the Board.

5.2 Actual performance

James Hardie's five year EBIT in US$ terms (excluding asbestos) and five-year A$ total shareholder return (including dividends) mapped against changes in US housing starts are shown in the following graphs:

Five year EBIT (ex reported adjustments)
(Millions of US dollars)



JHX Total Return Index vs US housing starts[1]

5.3 Market conditions

As shown in the table at section 2 on page 43, a significant proportion of the remuneration for senior executives is Variable Remuneration, which is at risk. The company's remuneration arrangements aim to ensure a link between the performance of the company and bonuses paid and equity awarded.

As expected, the company continued to be affected by the ongoing economic downturn in our major market, the US housing market, where housing starts in the United States reached a seasonally-adjusted annual rate of 531,000 units in March 2010, significantly below the January 2006 peak of 1.823 million annualised starts.

In the face of this downturn in the US housing market over the past 14 quarters, the company's USA and Europe Fibre Cement business continued to outperform the broader housing market for fiscal year 2010, with revenue down 11% and sales volume down 15% from fiscal year 2009. At the same time, the USA and Europe Fibre Cement business was still able to improve realised unit revenue and deliver an EBIT margin of 25.2% for fiscal year 2010 compared with 21.4% in fiscal year 2009. The USA and Europe Fibre Cement business still accounted for approximately 75% of total company EBIT and 74% of total company sales in fiscal year 2010.

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

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.

Australia, New Zealand and The Philippines experienced a rebound in housing approvals towards the end of the fiscal year and the Asia Pacific business recorded accelerating sales revenue.

The relative success of the company in fiscal year 2010 and prior years can be seen in its strong relative share price performance in fiscal year 2010.

5.4 Performance linkage with Remuneration Policy

The design of the Executive Incentive Plan and the targets for fiscal year 2010 provided a framework for management to be rewarded for the company's strong relative performance during fiscal year 2010.

The initial fiscal year 2010 EBIT target was set assuming 588,000 addressable new starts for the US business (which comprises all US housing starts excluding multi-family high rise). This target was set based on assumptions around agreed metrics for contribution dollars per housing start, market position, repair and remodel performance and fixed spending.

Actual US new addressable starts during fiscal year 2010 were slightly higher than expected at 648,856, which meant that the target EBIT for the Managing Board and US senior executives was indexed upwards. An increase in Asia Pacific housing starts also contributed to an increase in the Asia Pacific and Managing Board target EBIT. Despite the higher indexed EBIT target, all targets were exceeded. The actual results for each of the EBIT goals were: US 164%, Asia Pacific 123% and Managing Board 203%. In accordance with the terms of the Executive Incentive Plan, STI payouts were capped at 200% for the Performance Share payments and 300% for Executive Incentive Program RSUs.

Because of the high level of payout in fiscal year 2010, the Board requested additional review of the composition of the EBIT result, to understand whether the payout was significantly affected by outside factors (such as lower than anticipated pulp, freight and energy input costs). The result of that review indicated that even if all of those lower than anticipated factors contributing to the STI result were removed, the STI payouts would still all have been at the maximum number for members of the Managing Board and US senior executives.

The Remuneration Committee also reviews the company's performance relative to its peer group based on a range of comparable ratios to confirm that management has performed at the top quartile level compared to its US peers expected by the Board. The company was above the 75th percentile of its US peer group in all measures considered by the Board.

The Remuneration Committee and Board believe that the company's continued out-performance of the market in fiscal year 2010 through the current overall economic environment and the continued deterioration in the US housing market reflects well on the strategies set and implemented by management and is superior to the results delivered by most of its US peers. Particularly pleasing was the company's ability to increase EBIT and EBIT margin in a market with declining sales and volumes.

The Remuneration Committee also reviewed the company's and management's performance under the Scorecard, and the following positive results were achieved in fiscal year 2010:

Measure	Starting Point
US Primary Demand Growth (PDG)	PDG for the last three fiscal years is as follows: FY 10 6.1% FY 09 3.0% FY 08 5.2%
US Product Mix Shift	This has focused primarily on ColorPlus penetration. FY10 results are commercial in confidence but exceeded FY09-07 results.
US Zero to Landfill (ZTL)	In the past three years the company has made significant progress in reducing the amount of materials sent to landfill.
Safety	The incident rate (IR) and severity rate (SR) over the last three fiscal years were as follows: IR SR FY 10 1.7 37 FY 09 4.7 54 FY 08 3.8 45
Strategic Positioning	The Group remains highly dependent upon the US fibre cement exterior cladding business.
Legacy Issues	The company's Re-domicile to Ireland was completed in June 2010. Remaining inherited legacy issues are ASIC proceedings, tax issues and managing the company's obligations under the AFFA.
Managing During the Economic Crisis	At the end of FY10, total credit facilities were US$426.7 million and net debt was US$134.8 million.
Talent Management/ Development	The company has a strong management team which has delivered superior results over the past three years.

The remuneration paid to senior executives in fiscal year 2010 reflects this out-performance compared to its US peers and demonstrates an appropriate link between the company's remuneration policy and company performance. The Board and Remuneration Committee continue to believe that the structure of the remuneration framework to motivate management to successfully address the challenging US housing industry conditions in fiscal year 2010 by shifting 40% of senior executives' LTI target to STI target, payable in two-year vesting Executive Incentive Program RSUs to promote alignment between senior executives and shareholders, has been an important element in the substantial increase of shareholder value in fiscal year 2010.

6. REMUNERATION FOR FISCAL YEAR 2011

6.1 Overview of remuneration for fiscal year 2011

Following their review of the existing remuneration framework, the Remuneration Committee and Board resolved to continue with the remuneration framework of the last two years, with a number of adjustments as described in this section.

The following Variable Remuneration incentive plans are in place for fiscal year 2011:

Duration	Plan Name	Form of Incentive	Further Details
Short-term incentive (1-3 years)		Cash	Section 6.3.1(a) below
	Executive Incentive Plan	RSUs with vesting deferred for two years and subject to Scorecard (Executive Incentive Program RSUs)	Section 6.3.1(b) below
	Individual Performance Plan (IP Plan)	Cash	Section 6.3.1(c) below
Long-term incentive (3-5 years)	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 Scorecard (Scorecard LTI)	Section 6.3.2(b) below

6.2 Summary of changes to compensation for fiscal year 2011

Although the overall remuneration framework in fiscal years 2010 and 2011 is substantially the same, the Board has approved a number of changes to the underlying performance measures as described below.

The Board believes that as the US housing market starts to recover, the company is well positioned to use its strong capital and market position to drive significant growth in shareholder value. The remuneration framework adopted by the company in fiscal years 2009 and 2010 was designed to sustain the company through an unpredictable economic downturn. Although significant uncertainty remains, the Board believes that the remuneration framework for fiscal year 2011 should ensure that that company is prepared for any market recovery.

James Hardie's long-term objective involves continued primary demand growth, which requires it to grow fibre cement's share of the exterior cladding market and maintain the company's share of the fibre cement category. Achieving this objective over a sustained period of time will result in substantial growth in the business.

The Board believes that it is important that this growth does not come at the expense of short and medium-term profitability. Two changes have been made to the company's STI and LTI plans to provide appropriate incentives to senior executives to balance the growth components of the company's plans without sacrificing short to medium-term profitability. These are:

– revising the STI performance target so that it is based on a matrix of earnings vs growth above market; and

– changing the payout schedule for the Executive Incentive Program RSUs to provide incentives for senior executives to make the substantial improvements required to attain the company's objective.

No changes will be made to the components or operation of the Scorecard in fiscal year 2011.

6.3 Details of Variable components in fiscal year 2011

6.3.1 FY 2011 Short-term incentive

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

For fiscal year 2011, the Board has decided to continue to transfer 40% of each senior executive's LTI target to the STI target under the Executive Incentive Plan. The Executive Incentive Plan component will be paid in RSUs with a two-year vesting period and subject to the negative discretion exercisable by the Board under the Scorecard.

(a) Executive Incentive Plan – Cash

80% of STI target for senior executives other than the CFO is allocated to the Executive Incentive Plan. The maximum payout is 300% of the target.

For fiscal year 2011, the Board has introduced a new performance target measure for awards under Executive Incentive Plan payable in cash. The purpose of this new performance hurdle is to ensure that as management increases its top line growth focus, it does not do so at the expense of short to medium-term returns. The Executive Incentive Plan for fiscal year 2011 is designed to encourage senior executives to effectively balance growth and returns.

On the recommendation of the Remuneration Committee, the Board has approved a 'Payout Matrix' which will be used to determine the amount of reward under the Executive Incentive Plan. A separate Payout Matrix has been approved by the Remuneration Committee for the individual business units.

Senior executives will be subject to a different Payout Matrix depending on their function and location:

– Corporate senior executives, including the CEO, have a goal based on the consolidated result for all business units; and

– US senior executives have a goal based on the Payout Matrix for the US business.

To achieve strong rewards, management will be required to grow both earnings (Return Measure) and generate sales growth substantially above market (Growth Measure). Strong returns on one measure at the expense of the other measure may result in lower, or nil, reward.

The Board will have discretion to change the payout under the Payout Matrix if growth relative to market is below expectations and the Board determines that the reason for such performance is outside management's control or as a result of a management decision endorsed by the Board given an assessment of market circumstances at the time.

Board Assessment of Executive Incentive Plan

The Board believes that revised targets for the Executive Incentive Plan are appropriate because they:

– provide management with an incentive towards achieving the overall corporate goals;

– balance growth with returns;

– recognise the need to flexibly respond to strategic opportunities depending on our markets' ability to recover from the currently prevailing uncertain economic environment.

(b) Executive Incentive Plan – Executive Incentive Program RSUs

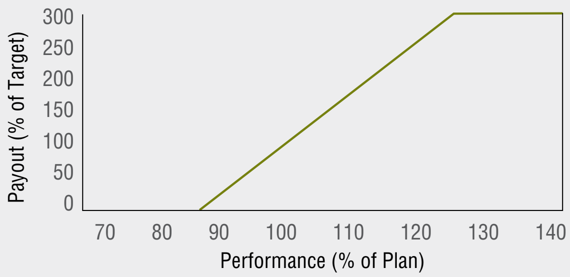
It is currently intended that there will be no changes to the operation of Executive Incentive Program RSUs, although the payout slope forming the performance hurdle will change. The company intends to continue to transfer 40% of LTI target for senior executives to an STI target, with an award based on fiscal year 2011 performance payable in two-year deferred RSUs subject to the Scorecard and vesting in May or June 2013. The maximum payout will remain at 300% of target.

The retention of the 40% transfer of target LTI to STI reflects the Board's continued concerns about the lack of stability in the US housing market as well as emphasising continued profitability as the company seeks to attain its primary demand growth objectives. The EBIT performance targets for the Executive Incentive Program RSUs are derived from fiscal year 2010 performance and the performance matrix for fiscal year 2011 used as a basis for short term incentive (STI) payouts that sets acceptable standards for various combinations of volume growth and earnings and have been reviewed by the Remuneration Committee and the Board.

Achievement of a target payout in Executive Incentive Program RSUs will require improvement on performance for fiscal year 2010, indexed to housing starts.

The Executive Incentive Program RSUs will have the following payout slope:

Executive Incentive Program RSUs payout schedule



Before the Executive Incentive Program RSUs vest in 2013, the 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 rating under 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 2011 are not obtained at the expense of long-term sustainability.

All other elements of the Executive Incentive Program RSUs in fiscal year 2011 will be the same as in fiscal year 2010.

Calculation of the Executive Incentive Plan RSUs at the end of fiscal year 2011 is described below:

LTI target	x	40%[1]	x	Payout based on performance against 2011 EBIT goal	=	Value granted in Executive Incentive Program RSUs	x	Scorecard Rating in 2013 (0–100%)	=	Executive Incentive Program RSUs vesting

[1] Amount of LTI target received as Executive Incentive Program RSUs in the absence of long-term quantitative financial measures

Board Assessment

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

– provide an incentive to ensure that the primary demand growth objective is not achieved at the expense of short and medium-term shareholder returns in the form of EBIT;

– 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 Board as being able to affect longer-term outcomes in uncertain economic times.

(c) Individual Performance Plan (IP Plan)

20% of STI target for senior executives is allocated to the IP Plan. The maximum payout is capped at 150% of target STI. Other than paying awards under the IP Plan in cash rather than Performance Shares, it is currently intended that there will be no changes to the operation of the IP Plan for fiscal year 2011.

6.3.2 Long-term incentive

(a) Relative TSR RSUs

It is currently intended that there will be no changes to the operation of Relative TSR RSUs, although following a review of the peer group conducted by the company’s independent advisors, Towers Watson, the Remuneration Committee and Board adopted their recommendation to add seven companies to the peer group list. The companies added to the peer group for fiscal year 2011 are set out in the 2010 Notice of Meeting.

The Board 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.

The maximum that can be received will remain at 300% of the LTI target allocated to Relative TSR RSUs.

(b) Scorecard LTI

It is currently intended that there will be no changes in the operation of 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 will be assessed against the Scorecard and may 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.

The maximum that can be received will remain at 300% of the LTI target allocated to Scorecard LTI.

Board assessment

The Board considered a reward that focused on longer-term strategic and operational goals is essential, given that appropriate longer-term financial objectives cannot be set in the current uncertain housing market. Linking the rewards value 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 feature will make it less likely that executives are compelled to sell stock to meet tax or other obligations, and supports senior executives being able to satisfy the company’s executive stock ownership guidelines, further enhancing shareholder alignment.

Further details of the Relative TSR RSUs and Executive Incentive Program RSUs to be granted under the Executive Incentive Plan for fiscal year 2011 will be set out in the 2010 Notice of Meeting.

6.4 Fixed Remuneration for fiscal year 2011

The Board has currently determined that and most of the company’s senior management, including the CEO, will not receive base salary increases in fiscal year 2011 in the absence of a change in the scope of their roles. This follows a benchmarking survey which indicated that senior management is generally adequately compensated on base salary based on the company’s pay philosophy. The Board feels that it is appropriate that senior executives have a significant portion of their compensation
“at risk”.

7. KEY TERMS OF OUTSTANDING EQUITY GRANTS

2001 JHI SE 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 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.
Expiry date	10th anniversary of each grant.
2001 Plan (Restricted Stock Units (RSUs))	Annual grants made December 2008 and 2009. 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.
Expiry date	RSUs convert to shares on vesting.
2005 Managing Board Transitional Stock Option Plan (MBTSOP)	Options granted on 22 November 2005.
Offered to	Managing Board directors.
Performance period	22 November 2005 to 22 November 2008.
Re-testing	Yes, on the last Business Day of each six-month period following the 3rd anniversary and before the 5th anniversary.
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	– 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 of peer group.
Vesting to date	No options have vested to date.

James Hardie Industries Long Term Incentive Plan 2006 (LTIP) Option Grants	Options 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.
Re-testing	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	*For the ROCE tranche:* ROCE performance against the following global peer group of building materials companies in US, Europe and Asia Pacific 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, Lousiana-Pacific Corporation, Florida Rock Industries Inc, CRH plc, USG Corporation, Vulcan Materials Co and The Siam Cement Plc. *For the TSR tranche:* TSR performance against a peer group of comparable companies in the S&P/ASX 100 at the time of grant 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.
Vesting criteria	*For the ROCE tranche:* – 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. *For the TSR tranche:* – 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 of peer group.
Vesting to date	To date, the 2006 grant ROCE tranche options have vested 100% and the 2006 TSR tranche options have vested 60%. No options have been exercised.

2001 JHI SE Equity Incentive Plan Deferred Bonus Program (Restricted Stock Units (RSUs))	One-off grant of RSUs 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.
RSU exercise price	Nil.
Vesting schedule	100% vest on the 2nd anniversary of the grant.
Expiry 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 (Restricted Stock Units (RSUs))	Relative TSR RSUs granted September and December 2008 and September and December 2009.
Offered to	Senior executives and Managing Board directors.
Performance period	Three years to five years from the grant date.
Re-testing	Yes, on the last Business Day of each six month period following three years from grant date and before five years from grant date.
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	– 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.
RSU exercise price	Not applicable.
Expiry 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 (Restricted Stock Units (RSUs))	Executive Incentive Program RSUs granted in May 2009 and June 2010.
Offered to	Senior executives and Managing Board directors.
Option Exercise Price	Nil.
Vesting schedule (2009 grant only)	100% vest on the 2nd anniversary of the grant.
Vesting schedule (2010 grant only)	A proportion will vest on the 2nd anniversary of the grant depending on each senior executive's Scorecard rating between 0 and 100.
Expiry date	On vesting, the RSUs convert into shares granted on a one-for-one basis.
James Hardie Industries Long Term Incentive Plan 2006 Scorecard LTI (Awards)	Cash-settled Awards granted June 2009.
Offered to	Senior executives and Managing Board directors.
Option Exercise Price	Nil.
Performance period	Three years from the grant date.
Payment schedule	A cash payment based on the company's share price at the end of the performance period multiplied by the number of shares that could have been acquired at the start of the performance period and the senior executive's Scorecard rating. A proportion of the payment will be payable on the 3rd anniversary of the grant depending on each senior executive's Scorecard rating between 0 and 100.
Expiry date	On vesting, the RSUs convert into shares granted on a one-for-one basis.

Details of equity incentive plans that expired during fiscal year 2010 are provided in Note 15 to the consolidated financial statements starting on page 109 of this annual report.

8. REMUNERATION TABLES FOR SENIOR EXECUTIVES

8.1 Total remuneration for senior executives for the years ended 31 March 2010 and 2009

Details of the remuneration of the senior executives, including the Managing Board directors in fiscal year 2010, as determined in accordance with US GAAP, 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	LTI and Equity Awards[3]	Relocation Allowances, Expatriate Benefits, and Other Non-recurring[4]	Total
Senior executives, including Managing Board							
Louis Gries							
Fiscal year 2010	**$ 936,860**	**$ 1,688,832**	**$ 471,208**	**$ 12,999**	**$ 3,744,250**	**$ 174,510**	**$ 7,028,659**
Fiscal year 2009	863,448	1,215,876	268,008	19,872	2,146,279	171,674	4,685,157
Russell Chenu							
Fiscal year 2010	**738,463**	**320,148**	**83,728**	**66,462**	**607,122**	**185,971**	**2,001,894**
Fiscal year 2009	676,719	216,453	40,983	60,025	296,514	148,366	1,439,060
Robert Cox							
Fiscal year 2010	**450,000**	**245,699**	**74,721**	**14,700**	**606,351**	**156,807**	**1,548,278**
Fiscal year 2009	444,808	339,300	14,354	–	79,575	308,583	1,186,620
Mark Fisher							
Fiscal year 2010	**384,169**	**382,303**	**33,098**	**12,842**	**536,472**	**–**	**1,348,884**
Fiscal year 2009	340,433	273,670	35,961	14,014	328,408	–	992,486
Nigel Rigby							
Fiscal year 2010	**397,558**	**406,711**	**24,228**	**–**	**536,472**	**–**	**1,364,969**
Fiscal year 2009	340,433	273,670	24,967	–	328,408	–	967,478

[1] Bonuses in respect of each fiscal year are paid in June of the following fiscal year. The amounts in fiscal years 2010 and 2009 include all incentive amounts accrued for in respect of each fiscal year, pursuant to the terms of the applicable plans. In addition, since the amount reported each year is an estimated accrual, fiscal year 2010's bonus amounts include any adjustments to the 2009 bonus amounts previously reported to the extent necessary to reflect the actual bonus paid. Current senior executives were paid fiscal year 2010 bonuses after tax in performance shares.

Refer section 3 for a summary of the terms of our Variable Compensation plans.

[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] Includes grants of Scorecard LTI awards and Relative TSR and Executive Incentive Program RSUs. Scorecard LTI awards are liability-classified awards that are remeasured and include an amount based on changes to a company's stock price over each reporting period. Equity awards are valued using either the Black-Scholes pricing model or the Monte Carlo pricing method, depending on the plan under which the equity awards were issued. The fair value of equity awards granted are included in compensation over the period in which the equity awards vest.

[4] Other non-recurring benefits include cash paid in lieu of vacation accrued, as permitted under our US vacation policy and California law.

8.2 Equity Holdings for the years ended 31 March 2010 and 2009

(a) Options

Details of the changes to equity holdings of senior executives, including the Managing Board directors in fiscal year 2010, are set out below:

Name	Grant Date	Exercise Price per right (A$)	Holding at 1 April 2009	Granted	Total Value at Grant[1] (US$)	Vested	Exercised	Value at Exercise per right[2] (US$)	Lapsed	Value at Lapse per right[3] (US$)	Holding at 31 March 2010	Weighted Average Fair Value per right[4]
Senior executives, including Managing Board												
Louis Gries	19 Oct 01[5]	3.1321	40,174	200,874	71,732	200,874	200,874	1.98	–	–	–	0.3571
	19 Oct 01[5]	3.0921	175,023	437,539	168,321	437,539	437,539	2.11	–	–	–	0.3847
	17 Dec 01[5]	5.0586	324,347	324,347	137,296	324,347	324,347	3.05	–	–	–	0.4233
	3 Dec 02[6]	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	–	–	–	–	415,000	2.1400
	21 Nov 06[7]	8.4000	381,000	381,000	1,131,570	228,600	–	–	–	–	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	–	–	–	–	65,000	2.1400
	21 Nov 06[7]	8.4000	60,000	60,000	178,200	36,000	–	–	–	–	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	–	–	–	–	–	–	–	–	–	–	–	–
Mark Fisher	19 Oct 01	3.0921	92,113	92,113	35,436	92,113	92,113	5.06	–	–	–	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	158,500	–	–	–	–	158,500	1.8364
	10 Dec 07	6.3800	277,778	277,778	275,064	138,889	–	–	–	–	277,778	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	158,500	–		–		158,500	1.8364
	10 Dec 07	6.3800	277,778	277,778	275,084	138,889	–	–	–	–	277,778	0.9903

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

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

[3] Value at Lapse/right = 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 SE Equity Incentive Plan. See section 7, page 54 for summary of key terms of options granted.

[6] Options granted under 2005 Managing Board Transitional Stock Option Plan. See section 7, page 54 for summary of key terms of options granted.

[7] Options granted under James Hardie Industries Long-Term Incentive Plan 2006 (LTIP). See section 7, page 54 for summary of key terms of options granted.

(b) RSUs

Details of the changes to equity holdings of senior executives, including the Managing Board directors in fiscal year 2010, are set out below:

Name	Grant Date	Holding at 1 April 2009	Granted	Total Value at Grant (US$)	Vested	Lapsed	Holding at 31 March 2010	Weighted Average Fair Value per unit
Senior executives, including Managing Board								
Louis Gries	15 Sep 08[8]	201,324	201,324	746,107	–	–	201,324	3.7060
	15 Sep 08[9]	558,708	558,708	1,592,318	–	–	558,708	2.8500
	29 May 09	–	487,446	2,100,892	–	–	487,446	3.3650
	15 Sep 09[9]	–	234,900	1,653,696	–	–	234,900	5.0100
	11 Dec 09[9]	–	81,746	670,317	–	–	81,746	6.9100
Russell Chenu	15 Sep 08[9]	108,637	108,637	309,615	–	–	108,637	2.8500
	29 May 09	–	94,781	408,506	–	–	94,781	3.3650
	15 Sep 09	–	45,675	321,552	–	–	45,675	5.0100
	11 Dec 09[9]	–	15,895	130,339	–	–	15,895	6.9100
Robert Cox	15 Sep 08[9]	155,196	155,196	442,309	–	–	155,196	2.8500
	29 May 09	–	135,402	583,583	–	–	135,402	3.3650
	15 Sep 09[9]	–	65,250	459,360	–	–	65,250	5.0100
	11 Dec 09[9]	–	22,707	186,197	–	–	22,707	6.9100
Mark Fisher	17 Jun 08[10]	36,066	36,066	144,625	–	–	36,066	4.0100
	17 Dec 08[9]	116,948	116,948	268,980	–	–	116,948	2.3000
	29 May 09	–	77,548	334,232	–	–	77,548	3.3650
	15 Sep 09[9]	–	39,150	275,616	–	–	39,150	5.0100
	11 Dec 09[9]	–	13,624	111,717	–	–	13,624	6.9100
Nigel Rigby	17 Jun 08[10]	36,066	36,066	144,625	–	–	36,066	4.0100
	17 Dec 08[9]	116,948	116,948	268,980	–	–	116,948	2.3000
	29 May 09	–	77,548	334,232	–	–	77,548	3.3650
	15 Sep 09[9]	–	39,150	275,616	–	–	39,150	5.0100
	11 Dec 09[9]	–	13,624	111,716	–	–	13,624	6.9100

[8] Bonus RSUs granted under Deferred Bonus Program and LTIP. See section 7, page 54 for key terms of Deferred Bonus RSUs.

[9] Relative TSR RSUs granted under LTIP. See section 7, page 54 for key terms of Relative TSR RSUs.

[10] Deferred Bonus RSUs granted under Deferred Bonus Program and 2001 JHI SE Equity Incentive Plan. See section 7, page 54 for key terms of Deferred Bonus RSUs.

(c) Scorecard LTI

Changes in senior executives', including the Managing Board directors in fiscal year 2010, grants of awards of Scorecard LTIs between 1 April 2009 and 31 March 2010 are set out below:

Name	Grant Date	Granted	Vested	Lapsed	Holding at 31 March 2010
Senior executives, including Managing Board					
Louis Gries	21 Jun 09	483,294	–	–	483,294
Russell Chenu	21 Jun 09	93,974	–	–	93,974
Robert Cox	21 Jun 09	134,248	–	–	134,248
Mark Fisher	21 Jun 09	80,549	–	–	80,549
Nigel Rigby	21 Jun 09	80,549	–	–	80,549

See sections 3.2 and 3.3.2(b) on pages 44 and 47, respectively, for more information about Scorecard LTI.

8.3 Senior executive's relevant interests in JHI SE

Changes in senior executives', including the Managing Board directors in fiscal year 2010, relevant interests in JHI SE securities between 1 April 2009 and 31 March 2010 are set out below:

	CUFS at 1 April 2009	CUFS at 31 March 2010	Options at 1 April 2009	Options at 31 March 2010	RSUs at 1 April 2009	RSUs at 31 March 2010
Senior executives, including Managing Board						
Louis Gries	127,675	259,875	3,867,544	3,328,000	760,032	1,564,124
Russell Chenu	25,000	35,000	442,000	442,000	108,637	264,988
Robert Cox	–	–	–	–	155,916	378,555
Mark Fisher	–	29,519	1,172,674	1,080,561	153,014	283,336
Nigel Rigby	–	–	886,281	886,281	153,014	283,336

8.4 Loans

The company did not grant loans to senior executives during fiscal year 2010. There are no loans outstanding to 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$950,000 for fiscal year 2010 and 2011. Salary reviewed annually by the Board and there will be no base salary increase for fiscal year 2011.
Short-term incentive	Annual STI target is 125% of annual base salary for fiscal year 2011. The quantum of STI target is reviewed annually by the Board in May. The Remuneration Committee recommends the company's and CEO's performance objectives, and the performance against these objectives, to the Board for approval. The CEO's short-term incentive is calculated under the Executive Incentive Plan and the Individual Performance 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 2011, the LTI target will be US$2.8 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. If the CEO retires with the approval of the Board then his unvested restricted stock units and awards will not be forfeited and will be held until the next test date.
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 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 19 years.

9.2 CFO's employment contract

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

Components	Details
Length of contract	Fixed period concluding 5 October 2012.
Base salary	A$874,058 for fiscal year 2010. Salary reviewed annually by the Board.
Short-term incentive	Annual STI target is 33% of annual base salary as set out in the CFO's employment contract, based on personal goals. The CFO does not participate in the Executive Incentive Program for his short-term incentive, other than the arrangement where some of the CFO's LTI target is transferred to STI in the form of Executive Incentive Program RSUs.
Long-term incentive	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/pension	The company will contribute A$50,000 to the CFO's nominated superannuation/pension fund.
Other	The CFO receives an additional benefit of approximately A$30,000.
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	If the position of CFO is determined to be redundant or subject to a material diminution in status, duties or responsibility of the role, 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 2010 and 2011. Salary reviewed annually by the Board and there will be no base salary increase for fiscal year 2011.
Short-term incentive	Annual STI target is 65% of annual base salary as set out in the General Counsel's employment contract. The General Counsel's short-term incentive is calculated under the Executive Incentive Plan (which includes the IP Plan).
Long-term incentive	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 CEO, CFO and General Counsel

In fiscal year 2010, and until we moved our corporate domicile to Ireland, the CEO, CFO and General Counsel were on international assignment in The Netherlands. During the time of their international assignment, the employment contracts for the CEO, CFO and General Counsel also specified the following benefits:

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

9.5 Other senior executives' employment contracts

Details of employment contracts for current senior executives 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 between 55% and 65% and reviewed annually.
Long-term incentive	Upon the approval of the Board, grants of Scorecard LTI awards and Relative TSR and Executive Incentive Plan RSUs have been made under the LTIP plan.
Defined Contribution Plan	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	**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. **Business Expenses:** The senior executives are entitled to receive reimbursement for all reasonable and necessary travel and other business expenses incurred or paid in connection with the performance of services under their employment. **Automobile:** 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.

10. REMUNERATION FOR BOARD NON-EXECUTIVE DIRECTORS

Fees paid to non-executive directors are determined by the Board, with the advice of the Remuneration Committee's independent external remuneration advisers, 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.

Additional Board fees are not paid to executive Board directors.

10.1 Remuneration structure

Non-executive directors are paid a base fee for service on the 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 2010, the Remuneration Committee reviewed non-executive directors' fees, using 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 all non-executive director fees by 5%, effective 1 April 2010.

The fees paid in fiscal year 2010, and payable in fiscal year 2011, are:

(US dollars) **Role**	**Fiscal 2010**	**Fiscal 2011**
Chairman	$300,000	$315,000
Deputy Chairman	$175,000	$183,750
Board member	$130,000	$136,500
Audit Committee Chairman	$20,000	$20,000
Remuneration or Nominating and Governance Committee Chairman	$10,000	$10,000

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

Non-executive directors who attended meetings of the Due Diligence Committee received fees of US$1,500 per meeting, and the Chairman received fees of $3,000 per meeting, in addition to their base fees. The Due Diligence Committee met five times in fiscal year 2010.

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

No non-executive director has been granted options, restricted stock units or performance rights. In fiscal year 2010, some non-executive directors have received some of their fees in James Hardie shares in accordance with the Supervisory Board Share Plan described below.

10.2 Board Accumulation Policy

Non-executive 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 SE shares (either personally, in the name of their spouse, or through a personal superannuation or pension plan) over a reasonable time following their appointment. The Remuneration Committee monitors non-executive directors' progress against this policy on a periodic basis.

10.3 Supervisory Board Share Plan

Under the Supervisory Board Share Plan 2006 (SBSP), non-executive directors can elect to receive some of their annual fees in JHI SE shares. The SBSP was last approved at the 2007 AGM. The SBSP is one of the vehicles non-executive directors can use to achieve their target shareholding under the Board Accumulation Policy. Although a number of directors used the SBSP to acquire shares during fiscal year 2010, the company anticipates that the complexity of the four different jurisdictions in which the company's individual directors are resident means that in the future most directors are likely to acquire shares in the company directly on the ASX or NYSE.

JHI SE shares received under the SBSP can be either be 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 non-executive directors.

10.4 Director retirement benefits

The company does not provide any benefits for non-executive Board directors upon termination of employment.

10.5 Total remuneration for non-executive directors for the years ended 31 March 2010 and 2009

The table below sets out the remuneration for those directors who served on the Board during the fiscal years ended 31 March 2010 and 2009:

(US dollars)	**Primary**	**Equity**		
Name	Directors' Fees[1]	JHI SE Stock[2]	Other Benefits[3]	Total
Non-executive directors				
Michael Hammes				
Fiscal year 2010	**$ 221,000**	**$ 85,000**	**$ 10,641**	**$ 316,641**
Fiscal year 2009	222,500	21,250	3,988	247,738
Donald McGauchie				
Fiscal year 2010	**185,000**	**–**	**2,428**	**187,428**
Fiscal year 2009	185,000	–	11,627	196,627
Brian Anderson				
Fiscal year 2010	**155,000**	**10,000**	**8,290**	**173,290**
Fiscal year 2009	155,000	–	1,300	156,300
David Dilger[4]				
Fiscal year 2010	**75,000**	**–**	**1,784**	**76,784**
Fiscal year 2009	N/A	N/A	N/A	N/A
David Harrison[5]				
Fiscal year 2010	**130,000**	**10,000**	**10,000**	**150,000**
Fiscal year 2009	105,537	–	4,178	109,715
James Osborne[6]				
Fiscal year 2010	**127,500**	**10,000**	**990**	**138,490**
Fiscal year 2009	6,333	–	–	6,333
Rudy van der Meer				
Fiscal year 2010	**120,000**	**10,000**	**–**	**130,000**
Fiscal year 2009	60,000	60,000	14,407	134,407

[1] Amount includes base, Chairman, Deputy Chairman, Committee Chairman and Due Diligence Committee attendance fees.

[2] The actual amount spent by each Board member was determined after deducting applicable Dutch taxes from this amount. The number of JHI SE shares acquired was determined by dividing the amount of participation in the SBSP by the market purchase price.

[3] Other Benefits includes the cost of non-executive directors' fiscal compliance in The Netherlands.

[4] Mr Dilger was appointed to the company's Joint and Supervisory Boards effective 2 September 2009.

[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.

10.6 Non-Executive directors' relevant interests in JHI SE

Changes in non-executive directors' relevant interests in JHI SE securities between 1 April 2009 and 31 March 2010 are set out below:

	Number of Shares/CUFS at 1 April 2009[1]	Number of Shares/CUFS at date of becoming director	On market purchases	SBSP[2]	Shares/CUFS at date of resignation	Number of Shares/CUFS at 31 March 2010
Non-executive directors						
Michael Hammes	21,464[3]	N/A	–	11,383	N/A	32,847
Donald McGauchie	15,372[4]	N/A	5,000	–	N/A	20,372
Brian Anderson	6,124	N/A	–	1,511	N/A	7,635
David Dilger	–	–	25,000	–	N/A	25,000
David Harrison	10,000[5]	N/A		2,384	N/A	12,384
James Osborne	–	N/A	–	2,551	N/A	2,551
Rudy van der Meer	16,355	N/A	–	935	N/A	17,290

[1] Shares were purchased under SBSP in fiscal year 2008 and 2009 as follows: 42,508 shares on 14 March 2008 at an average price of A$5.7352 and 17,550 shares on 13 March 2009 at an average price of A$3.7254.

[2] Shares purchased under SBSP in fiscal year 2010 as follows: 9,432 shares on 26 June 2009 at an average price of A$4.28, 5,098 shares on 15 September 2009 at an average price of A$7.09, 2,019 shares on 15 December 2009 at an average price of A$8.25 and 2,215 shares on 11 March 2010 at an average price of A$7.68.

[3] 9,000 shares/CUFS held as ADRs.

[4] 6,000 shares held for the McGauchie Superannuation Fund.

[5] Held as ADRs.

Only non-executive directors are entitled to participate in the SBSP.

11. DUTCH CORPORATE GOVERNANCE CODE

Under the Dutch Code on Corporate Governance (the Dutch Code) published by the Dutch Corporate Governance Committee (the Tabaksblat Committee) in 2003, as amended by Government Decree of 10 December 2009, listed Dutch companies are obliged to explain their corporate governance structure in a separate section of their annual report. The corporate governance section of this report on pages 67–80 states that where the company has not completely applied the best practice provisions of the Dutch Code relating to remuneration matters, such information will be provided in this report.

Best Practice Provision II.1.1 of the Dutch Code stipulates that Managing Directors shall be appointed for a maximum period of four years. Our CEO has been appointed for a period of six years.

Best Practice Provision II.2.7 of the Dutch Code provides that neither the exercise price nor the other conditions regarding options granted to Managing Board directors may be modified during the term of the options, except as prompted by structural changes relating to shares or the company in accordance with established market practice. James Hardie may modify the term of the options as specified in the LTIP or employment agreement with a Managing Board director upon departure of the employee of other circumstances described in the LTIP.

Best Practice Provision II.2.8 of the Dutch Code provides that a severance payment to a Managing Board director shall not exceed one time the amount of the fixed salary. In contracts with Managing Board directors, the severance payments are agreed upon on an individual basis, taking into account home country practice and the Managing Board director's specific situation. Consistent with Mr Gries' prior employment agreement when he acted as the company's Chief Operating Officer, Mr Gries' current contract specifies that in the event of a termination without cause or for good reason, he will receive 1.5 times his annual base salary and 1.5 times his average annual bonus in addition to a two-year consulting contract, as long as he maintains the company's non-compete and confidentiality agreements.

Best Practice Provision III.7.1 of the Dutch Code provides that members of the Supervisory Board shall not be granted shares by way of remuneration. Although our members of the Board who were members of the Supervisory Board in fiscal year 2010 are not granted shares by way of remuneration, the guideline contained in the Stock Accumulation Policy provides guidance that they should accumulate 1.5 times their annual base board fees in share ownership. We believe this practice is to the benefit of the company and is common practice in Australia and the United States.

This report is made in accordance with a resolution of the members of the Board.

Michael Hammes
Chairman

Louis Gries
Chief Executive Officer

Approved 29 June 2010