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.

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 Australian Corporations Act to submit a remuneration report to shareholders for a non-binding vote.

However, taking into consideration the company's large Australian shareholder base, James Hardie has voluntarily produced a remuneration report for non-binding shareholder approval for some years and currently intends to continue to do so. This report provides information similar to that provided by Australian listed companies in their remuneration reports on the company's remuneration practices in fiscal year 2011 and also voluntarily includes an outline of the company's proposed remuneration framework for fiscal year 2012.

During fiscal year 2011 the Remuneration Committee retained Towers Watson (in the United States) and Guerdon Associates (in Australia) as its independent advisers, and the company retained Hewitt Associates as its external remuneration advisor.

1. APPROACH TO CEO AND SENIOR EXECUTIVE REMUNERATION

1.1 Objectives

James Hardie's remuneration philosophy is to provide competitive remuneration, compared with US companies, that emphasises operational excellence and shareholder value creation through 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 remuneration amounts based on an evaluation of performance by the business and the individual.

1.2 Policy

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

Remuneration packages for senior executives comprise fixed pay and benefits (which we refer to as "Fixed Remuneration") and variable performance pay (which we refer to as "Variable Remuneration"), based on both short-term incentives (which we refer to as "STI") and long-term incentives (which we refer to as "LTI").

The company's policy is for fixed pay and benefits for senior executives to be positioned at the market median and total target direct remuneration (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 profitability and growth results in the top quartile of its listed US building products peer group companies. If these performance hurdles are not met, the amount payable under the STI and LTI components will be less.

1.3 Setting Remuneration Packages

Individual remuneration 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. The Remuneration Committee commissions a review from its independent US compensation advisor of the remuneration positioning for the CEO and senior executives relative to their US peers.

The Board makes the final decisions concerning the remuneration (base salary, employment contract terms, 'Scorecard' rating, and STI and LTI target, maximum and actual grants) of the CEO and CFO. The CEO makes recommendations to the Board and Remuneration Committee regarding the remuneration of senior executives other than himself. The Remuneration Committee then makes the final decisions concerning the remuneration of the remaining senior executives, for review by the Board.

Remuneration decisions are based on the company's remuneration framework, which is reviewed by the Remuneration Committee and approved by the Board each fiscal year. Senior executive remuneration takes 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 comparative purposes in setting remuneration for the CEO, CFO 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 comprises US listed companies exposed to the US housing market. The same peer group is used to determine relative performance for that year's LTI equity grants.

1.4 Senior Executives

The company's senior executives in fiscal year 2011 were:

- Louis Gries, Chief Executive Officer[1]
- Russell Chenu, Chief Financial Officer[2]
- Robert Cox, Chief Legal Officer[3]
- Mark Fisher, Executive General Manager – International
- Nigel Rigby, Executive General Manager – USA

[1] From 1 April 2010 to 17 June 2010 Louis Gries was also Chairman of the Managing Board. The Managing Board was dissolved on 17 June 2010 following completion of JHI SE's re-domicile to Ireland.

[2] From 1 April 2010 to 17 June 2010 Russell Chenu was also a member of the Managing Board.

[3] From 1 April 2010 to 17 June 2010 Robert Cox was also a member of the Managing Board. From 1 April 2010 until 13 June 2011 Robert Cox was General Counsel of JHISE.

REMUNERATION REPORT

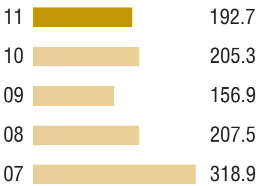
(CONTINUED)

2. FISCAL 2011 COMPANY PERFORMANCE AND LINK WITH REMUNERATION POLICY

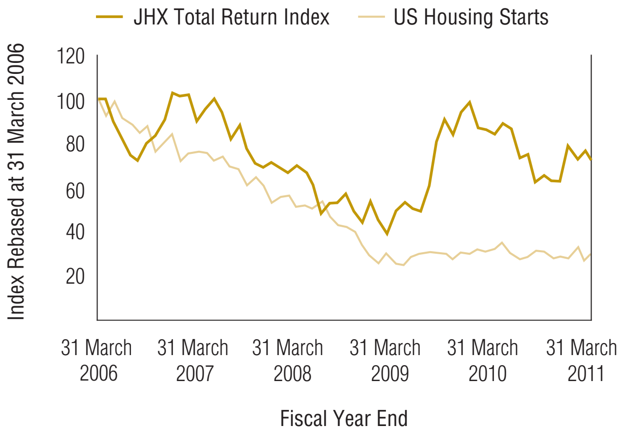
2.1 Actual Performance

James Hardie's five year EBIT in US$ terms (excluding asbestos) and five-year A$ Total Return (including dividends and capital returns) mapped against changes in US housing starts are shown in the graphs below:

Five Year EBIT (ex reported adjustments) growth
(Millions of US dollars)



JHX Total Return Index vs US Housing starts



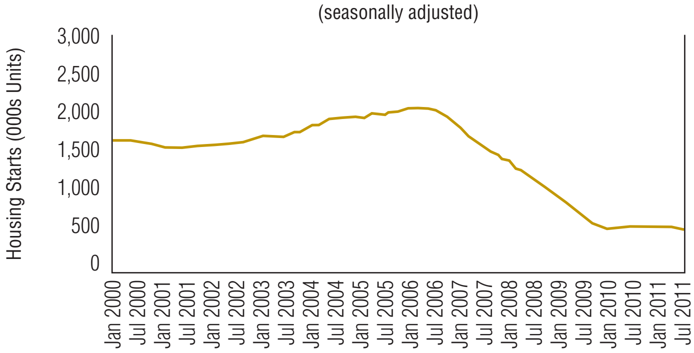
Graph compiled by Mercer (Australia) Pty Ltd using publicly available data
Note: Mercer (Australia) Pty Ltd provides no opinion on the veracity of the data

2.2 Market Conditions and Company Performance

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.

Operating conditions in the US residential housing market continued to be challenging in fiscal year 2011. A combination of relatively high levels of unemployment, low levels of consumer confidence, restricted access to credit and the supply of foreclosed homes continued to dampen demand. US single family housing starts (as reported by the US Census Bureau) for the year ended 31 March 2011 were 446,400 units, down 7.3% from 481,000 units in the prior financial year and down 74% from the financial year ended 31 March 2006 peak of 1.73 million units. Repair and remodel activity also continued to decline during fiscal year 2011.

Rolling 12 Month Avg Starts
(seasonally adjusted)



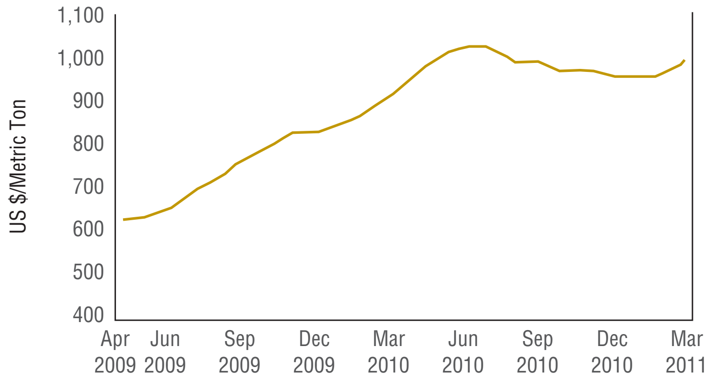
In the face of the significant decline in the US housing market since March 2006, the company's USA and Europe Fibre Cement business continued to perform strongly in fiscal year 2011, with revenue down 2% and sales volume down 4% from fiscal year 2010. As new housing starts have continued to decline, the company has benefited from the strategic decision to commit additional resources to increase its share of the repair and remodel market in recent years.

The Asia Pacific region (comprising Australia, New Zealand and The Philippines business units) experienced mixed market conditions, with Australian dwelling approvals increasing 3%, New Zealand dwelling approvals declining 5% and The Philippines experiencing strong domestic demand. Despite these operating conditions, Asia Pacific recorded strong results with revenue up 7% (in Australian dollars).

These solid results compared to the market, particularly considering the difficult market conditions, were achieved mainly through:

- the company's primary demand growth strategies in each of our businesses, to achieve further market penetration at the expense of alternative materials, driving stronger volume; and
- its continued success in introducing higher margin, differentiated products, driving stronger revenue.

The company's EBIT in fiscal year 2011 was also heavily impacted by raw material costs, in particular higher pulp prices and freight costs, which increased substantially in fiscal year 2011.



Price of NBSK Pulp Delivered to the US

2.3 Performance Against Scorecard Objective

The Board and Remuneration Committee reviewed the company's and management's performance under the Scorecard, which reflects a number of medium term strategic objectives for the company, and the following results were achieved:

Objective	Starting Point
US Primary Demand Growth (PDG)	PDG for the last three fiscal years is as follows: FY 11 −3.8% FY 10 6.1% FY 09 3.0%
US Product Mix Shift	This has focused primarily on ColorPlus penetration. FY11 results are commercial in confidence but exceeded the results in FY10 and FY09.
US Zero To Landfill (ZTL)	In the past three years the company has continued to make significant progress in reducing the amount of waste 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 11 1.7 19 FY 10 1.7 37 FY 09 4.7 54
Strategic Positioning	The Company continues to be highly dependent on the US fibre cement business.
Legacy Issues	The re-domicile project was completed in mid-2010. The ASIC proceedings and tax issues are at appeals stage and the loan facility for the AICF was concluded. The company's contribution to the AICF in July 2011 is US$51.5 million.

Objective	Starting Point
Managing During the Economic Crisis	At the end of FY11, total credit facilities were US$320 million and net debt was US$40 million. In May 2011, the company announced a capital management policy to pay dividends of between 20% and 30% of NPAT and a 5% on-market buy-back.
Talent Management/ Development	The company has a strong management team which has delivered superior results over the past three years.

2.4 Performance Linkage with Remuneration Policy

The Executive Incentive Plan for fiscal year 2011 was based on a 'Payout Matrix' which required management to achieve both sales above market (which we refer to as "Growth Measure") and strong earnings (which we refer to as "Return Measure"). Although the Payout Matrix excluded legacy costs and included an inherent indexing of the Growth Measure for new housing starts, it did not include allowances for:

- substantial increases (or decreases) in the US repair and remodel market; and
- substantial increases (or decreases) in input costs.

A combination of a substantial decrease in the repair and remodel market, substantial increases in input costs, together with other factors, resulted in the US Fibre Cement business earning a nil payment under its Payout Matrix for fiscal year 2011.

The Board and Remuneration Committee reviewed the reasons for this result and concluded that the Payout Matrix, which was indexed to new housing starts, did not account for substantial variations beyond management control such as changes to input costs (for example increases in the cost of pulp and freight) or changes in the repair and remodel market. Taking these factors into account, the Board and Remuneration Committee concluded that management had performed well in fiscal year 2011, despite a very challenging industry dynamic, particularly compared to its peer group companies. Therefore, the Board and Remuneration Committee exercised discretion to recognize management's response to these factors, and determined that such performance merited an adjustment to the calculation that otherwise would have applied with a strict application of the Payout Matrix.

Following a review of the operation of the Executive Incentive Program, the Board and Remuneration Committee determined that:

- the US business receive a payment of 16.7% of its maximum STI under the Executive Incentive Plan, with a follow-on impact on the result for the corporate component of the plan;
- no adjustment be made to the Asia Pacific result; and
- the 2012 Payout Matrix should be indexed for changes in the US repair and remodel market and pulp costs.

The Board and Remuneration Committee consider this was an appropriate response because:

- the Board carried out a similar review of bonus payments in fiscal year 2010 when the external factors would have had the result of increasing bonus payments (although no adjustment was determined in that year);

REMUNERATION REPORT

(CONTINUED)

- by indexing the most significant swing factors to the Payout Matrix results, management will not be penalized (or benefit) from significant events outside of its control;
- a significant proportion of the potential payment for US participants in the Executive Incentive Plan has been forfeited;
- a significant proportion of the potential payment under the separate LTI transferred to STI because of long-term uncertainty was also forfeited;
- the company's performance compared to its US peer group based on a range of ratios confirmed that management has performed well in fiscal year 2011; and
- the Board had foreshadowed in the 2010 Remuneration Report that it reserved the ability to adjust the payout under the Executive Incentive Plan in limited circumstances.

The percentage of each senior executive's STI granted and forfeited in respect of fiscal year 2011 is set out below. Although the Board considers that management performed well during fiscal year 2011, all senior executives received substantially lower STI in fiscal year 2011 compared to fiscal year 2010.

The Board believes that the remuneration paid to senior executives in fiscal year 2011 appropriately reflects management's level of performance during the year. The Board and Remuneration Committee continue to believe that the structure of the remuneration framework, including the changes discussed above are appropriate to focus management on dealing with the continuing difficult US housing industry conditions and provide appropriate alignment between senior executives and shareholders.

2.5 Variable Remuneration Paid in Fiscal Year 2011

Details of the percentage of the maximum Variable Remuneration awarded to or forfeited by senior executives for performance in fiscal year 2011 compared to fiscal year 2010 are set out below.

	Cash STI[1]		**Hybrid RSUs**[2]	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Louis Gries				
Fiscal Year 2011	**31**	**69**	**8**	**92**
Fiscal Year 2010	100	0	100	0
Russell Chenu				
Fiscal Year 2011	**100**	**0**	**8**	**92**
Fiscal Year 2010	100	0	100	0
Robert Cox[3]				
Fiscal Year 2011	**—**	**—**	**—**	**—**
Fiscal Year 2010	92	8	100	0
Mark Fisher				
Fiscal Year 2011	**34**	**66**	**8**	**92**
Fiscal Year 2010	100	0	100	0
Nigel Rigby				
Fiscal Year 2011	**28**	**72**	**8**	**92**
Fiscal Year 2010	100	0	100	0

1 **Awarded** = % of fiscal year 2011 Cash STI maximum actually paid. **Forfeited** = % of fiscal year 2011 STI maximum foregone. These amounts were paid in cash under the Executive Incentive Program and IP Plan or as an additional one-off discretionary bonus. These amounts do not include the Hybrid RSUs granted following the transfer of LTI to STI. The cash payments for fiscal year 2011 were paid to senior executives in June 2011

2 **Awarded** = % of fiscal year 2011 Hybrid RSUs (transfer from LTI to STI) maximum which actually granted. **Forfeited** = % of fiscal year 2011 Hybrid RSUs (transfer from LTI to STI) which was foregone. The value earned for performance in fiscal year 2011 was granted in the form of Hybrid RSUs in June 2011. Hybrid RSUs will vest in June 2013 and convert to shares, subject to each senior executive's performance rating against the Scorecard.

3 Was not eligible for a bonus under the Executive Incentive Plan in fiscal year 2011 and not granted any Hybrid RSUs in respect of fiscal year 2011. The bonus payments set out in the table in section 5.1 represent accruals only.

The tables do not include Relative TSR RSUs and Scorecard LTI granted for performance in fiscal year 2011 because they are granted on a dollar value determined by the Remuneration Committee and would only be forfeited during fiscal year 2011 in limited circumstances, all of which involve the employee ceasing employment.

3. DESCRIPTION OF REMUNERATION ARRANGEMENTS IN FISCAL YEAR 2011

3.1 Overview of Variable Remuneration in Fiscal Year 2011

Senior executives are eligible to participate in one or more incentive plans which provide for Variable Remuneration. Eligibility for inclusion in an incentive plan does not guarantee participation in any future year. 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 2011 are set out below:

Duration	Plan Name	Amount	Form Incentive Paid
Short-term (1-3 years)	Individual Performance Plan (IP Plan)[1]	20% of STI Target[4]	Cash
	Executive Incentive Plan[2]	80% of STI Target[4]	Cash
		40% of LTI Target[5]	RSUs[6] vesting and converting into shares in 2 years subject to the Scorecard (Hybrid RSUs[7])
Long-term (3-5 years)	Long Term Incentive Plan (LTIP)[3]	30% of LTI Target	RSUs vesting and converting into shares in 3-5 years subject to relative TSR[8] performance hurdles (Relative TSR RSUs)
		30% of LTI Target	Cash in 3 years based on share price performance and subject to the Scorecard (Scorecard LTI)

1 See section 3.3.1(a) of this report

2 See section 3.3.1(b) of this report

3 See section 3.3.2 of this report

4 See section 3.3.1 of this report

5 See section 4.3.2 of this report

6 RSUs refer to restricted stock units.

7 Previously referred to as Executive Incentive Program RSUs.

8 TSR refers to Total Shareholder Return.

3.2 Scorecard

Both the STI and LTI incentives for senior executives include an element of a 'Scorecard' rating to ensure continued focus on financial, strategic, business, customer and people components, each of which are important contributors to long-term creation of shareholder value. The Scorecard contains a number of key objectives, and the measures the Board expects to see achieved in relation to these objectives. Individual senior executives may receive different ratings depending on their contribution to achieving the Scorecard objectives.

Although most of the objectives in the Scorecard have quantitative targets, the company has not allocated a specific weighting to any and the final Scorecard assessment will involve an element of judgment by the Board. The Board may also give different ratings when assessing Scorecard performance for the Hybrid RSUs and Scorecard LTI. The Board monitors progress against the Scorecard annually.

The Scorecard can only be applied by the Board to exercise negative discretion (ie to reduce the amount of Hybrid RSUs and Scorecard LTI which will ultimately vest). It cannot be applied to enhance the maximum reward that can be received.

REMUNERATION REPORT

(CONTINUED)

The Scorecard objectives for fiscal year 2011 were unchanged from fiscal year 2010. The reasons the Board considered these objectives were appropriate, are set out below.

Objective	Reasons
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.
Product Mix Shift	The company aims to maintain its leadership position across the fibre cement category of the exterior siding market by developing new products/marketing/manufacturing approaches that will result in an improved mix of our products and gross margins.
Zero To Landfill	This measure is a primary contributor to the company's environmental goals. 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	Management development and capability is important to the company's future growth.

Further details of the Scorecard for fiscal year 2011, including the method of measurement, historical performance against the proposed measures and the Board's expectations, were set out in the 2010 AGM Notice of Meeting. Details of the Scorecard for fiscal year 2012 are set out on page 50 of this report.

The Board will provide an explanation of the final assessment of performance under the above Scorecard at the conclusion of fiscal year 2013.

3.3 Details of Variable Remuneration Components in Fiscal Year 2011

3.3.1 Short-Term Incentives

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

The STI target for senior executives was determined as a percentage of base salary, which in fiscal year 2011 was:

Position	STI Target as percentage of base salary
Chief Executive Officer	125%
Chief Financial Officer	33%
Other senior executives	60-65%

Given the continuing lack of stability in the US housing market, for fiscal year 2011 the Board also determined that 40% of each senior executive's LTI target should be transferred to the Executive Incentive Plan. Although this component of a senior executive's Variable Remuneration is received in three years time, it is treated as an STI since the maximum amount which can be paid is determined at the end of the first year based on the company's performance in fiscal year 2011, and then subject to the negative discretion exercisable by the Board under the Scorecard in a further two years.

(a) Individual Performance Plan – Cash

20% of the STI target for senior executives (other than the CFO) was allocated to the IP Plan and payable in cash. The maximum payout for the IP Plan was capped at 150% of the target.

Senior executives who participated in the IP Plan were assessed by the Board and Remuneration Committee on their individual performance against specific objectives approved by the Board and Remuneration Committee. Rewards were based on each senior executive's performance rating at the end of the fiscal year.

Board's Assessment of 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 which are not directly captured by the corporate component of the Executive Incentive Plan.

(b) Executive Incentive Plan – Cash

80% of the STI target for senior executives (other than the CFO) was allocated to the Executive Incentive Plan and payable in cash. The maximum payout for the Executive Incentive Plan was capped at 300% of the target.

In fiscal year 2011, the Board replaced the previous EBIT-based performance target with a 'Payout Matrix' based on earnings and sales growth. A separate 'Payout Matrix' was approved for each business unit. Employees below senior executive level and US senior executives were eligible for cash bonuses depending on the Payout Matrix result for their business unit. The remaining senior executives were eligible for cash bonuses depending on a combined Payout Matrix result for the company.

The purpose of the new Payout Matrix performance hurdle was to ensure that as management increased its top line growth focus, it did not do so at the expense of short to medium-term returns. The Executive Incentive Plan for fiscal year 2011 was designed to encourage senior executives to effectively balance growth and returns. To achieve strong rewards, management was required to generate both strong earnings and sales growth substantially above market. Higher returns on one measure at the expense of the other measure could result in lower, or nil, reward.

The Payout Matrix approved by the Board for fiscal year 2011 inherently included indexing for new housing starts but did not include indexing for the US repair and remodel market or input prices, in particular pulp. Other factors such as legacy costs and exchange rate movements were also excluded.

The Board reserved for itself discretion to change the payout under the Payout Matrix if growth relative to market was below expectations and the Board determined that the reason for such performance was 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. For the reasons described above in section 2.4, the Board determined that the payout under the US Payout Matrix should be 50% of STI target (and 16.7% of maximum STI), which also impacted the corporate Payout Matrix. No discretion was applied to the Asia Pacific Payout Matrix.

The company does not disclose the Return Measure and Growth Measure targets, but achieving a target payment for fiscal year 2011 (without indexing for the US repair and remodel market and pulp prices) would have required performance in excess of the average of the performance for the previous three years on each measure.

Board Assessment of Executive Incentive Plan

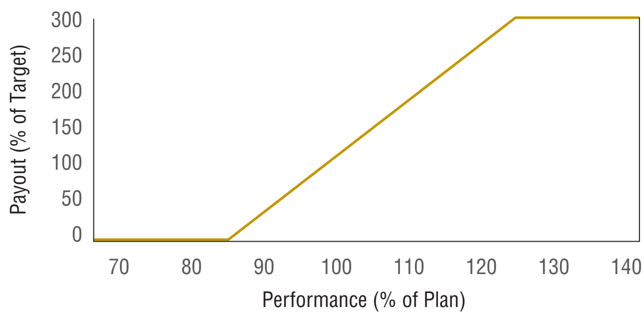
The Board believes that the Payout Matrix incentive methodology remains valid. The Board recognized that by indexing for new housing starts alone, the fiscal year 2011 Payout Matrix did not take into account substantial variations in input costs and the US repair and remodel markets. After a review of the changes between fiscal year 2010 and 2011, the Board revised the Payout Matrix to also take into account changes in the cost of pulp and changes in the repair and remodel market which differed substantially during the year from expectations at the start of fiscal year 2011. The Board believes that the revised Payout Matrix under the Executive Incentive Plan is appropriate because it:

- provides management with an incentive towards achieving the overall corporate goals;
- balances growth with returns;
- recognises the need to flexibly respond to strategic opportunities depending on our markets' ability to recover from the currently prevailing uncertain economic environment; and
- incorporates indexing for factors beyond management's control in the Board's assessment of management's performance

(c) Executive Incentive Plan – Hybrid RSUs

40% of the LTI target for senior executives was allocated to the Executive Incentive Plan and payable in Hybrid RSUs (formerly referred to as Executive Incentive Program RSUs). The maximum initial grant of Hybrid RSUs is 300% of the target.

The number of Hybrid RSUs granted is based on the company's performance against corporate level EBIT performance targets approved by the Board. The targets for fiscal year 2011 were derived from the cash Executive Incentive Plan 'Payout Matrix' for fiscal year 2011 and a payout at target required an improvement on performance for fiscal year 2010, indexed to housing starts. The EBIT performance hurdle was:



Before the Hybrid RSUs granted in June 2011 vest in June 2013 and convert to shares, the Board will assess each senior executive's contribution to the long-term objectives set out in the Scorecard and give them a rating between 0 and 100. Depending on this rating, between 0% and 100% of the senior executive's Hybrid RSUs will vest and convert to shares. In effect, the Scorecard applies a "holdback and forfeiture" principle to ensure short-term results in fiscal year 2011 are not obtained at the expense of long-term sustainability.

Calculation of the Hybrid RSUs at the end of fiscal year 2011 is described below:

LTI target	x	40%[1]	x	Payout based on performance against 2012 EBIT goal	=	Value granted in Hybrid RSUs	x	Scorecard Rating in June 2014 (0–100%)	=	Hybrid RSUs vesting and converting to shares

[1] Amount of LTI received as Hybrid RSU's in the absence of long-term quantitative measures.

Worked Example

Based on the CEO's LTI target quantum of US$2,800,000 in fiscal year 2011, James Hardie's performance of 91% of the EBIT performance hurdle, resulting in a payment of 25% of target for fiscal year 2011, and assuming a Scorecard rating of 75 out of 100 in June 2013 the CEO would receive:

- 40% x US$2,800,000 x 25% = US$280,800 to be settled in Hybrid RSUs in June 2011. At the actual value of US$6.12865/share, this is equivalent to 45,687 Hybrid RSUs.

REMUNERATION REPORT

(CONTINUED)

At the conclusion of the additional two-year performance period in June 2013, a number of Hybrid RSUs are forfeited, based on the CEO's assumed rating under the Scorecard for this example:

- 45,687 RSUs x 75% = 34,265 shares received

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.

Board Assessment
The Board believes that Hybrid RSUs and the Scorecard are an appropriate incentive vehicle in the current market because they:

- provide an incentive to ensure that the growth focus underlying the primary demand growth objective is not achieved at the expense of short and medium-term shareholder returns;
- 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 "forfeit" 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.

3.3.2 Long-Term Incentives
The remaining 60% of the LTI target for senior executives was allocated as grants of RSUs based on the company's total shareholder return (which we refer to as "Relative TSR RSUs") relative to its peers, plus grants of cash-settled awards based on the company's stock price performance and the Scorecard (which we refer to as "Scorecard LTI"). The maximum payout under both of these programs was capped at 300% of the target.

(a) Relative TSR RSUs
30% of the LTI target for senior executives in fiscal year 2011 was allocated as grants of Relative TSR RSUs in September 2010.

The peer group for the Relative TSR RSUs is the same peer group of companies exposed to the US housing market which the company uses for compensation benchmarking purposes. 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 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 global financial crisis. 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 the LTI target for senior executives in fiscal year 2011 was allocated as grants of Scorecard LTI awards in June 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 the 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, the Board will assess each of the senior executive's contribution to the long-term objectives set out in the Scorecard to give them a rating of between 0 and 100. Depending on this rating, between 0% and 100% of the senior executive's awards will vest in June 2013. Each senior 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 their 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 readily determined in the current uncertain housing market. Ensuring that the reward's 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 or other material commitments at a time that coincides with vesting of shares (via the RSU programs) such that they are less likely to wish to sell their shares.

(c) Long-Term Incentives Below Senior Executive Level

In fiscal year 2011, 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 (which we refer to as the "2001 Plan"). Participation in such a plan 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. The term of the 2001 Plan expires in September 2011 and shareholders will be asked at the 2011 AGM to extend it for a further 10 years.

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 in fiscal year 2011. 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 better management of the company's cash flow.

3.4 Details of Fixed Remuneration in Fiscal Year 2011

Fixed remuneration comprises base salaries, non-cash benefits, participation in a defined contribution retirement plan and superannuation contributions.

3.4.1 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.

Following a review of senior executive compensation at the start of fiscal year 2011, the Board determined that only one of the company's senior executives would receive a base salary increase in fiscal year 2011, although two of the senior executives received base salary increases during fiscal year 2010 following an increase in their job responsibilities.

3.4.2 Non-Cash Benefits

James Hardie's executives may receive non-cash benefits such as a 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.

3.4.3 Retirement Plan/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.

3.5 Relative Weightings of Fixed and Variable Remuneration in 2011

The substantial reduction in Variable Remuneration paid to senior executives in fiscal year 2011 compared to fiscal year 2010 is reflected in the reduced percentage of their total compensation received as Variable Remuneration in the table below. The amounts below are based on the actual remuneration received for performance in fiscal year 2011:

	Fixed Remuneration[1]	Variable Remuneration				
	Salary, Non-cash Benefits, Superannuation, 401(k) etc %	Cash Incentive[2]	Hybrid (RSUs)[3] %	Scorecard LTI[4] %	Relative TSR RSUs[5] %	Total Variable %
Louis Gries						
Fiscal Year 2011	**20**	**12**	**4**	**32**	**32**	**80**
Fiscal Year 2010	18	21	25	18	18	82
Russell Chenu						
Fiscal Year 2011	**55**	**13**	**2**	**15**	**15**	**45**
Fiscal Year 2010	46	10	18	13	13	54
Robert Cox[6]						
Fiscal Year 2011	**100**	**0**	**0**	**0**	**0**	**0**
Fiscal Year 2010	26	19	23	15	15	74
Mark Fisher						
Fiscal Year 2011	**36**	**17**	**3**	**22**	**22**	**64**
Fiscal Year 2010	25	23	21	16	16	75
Nigel Rigby						
Fiscal Year 2011	**36**	**17**	**3**	**22**	**22**	**64**
Fiscal Year 2010	24	24	21	16	16	76

1 See section 3.4 of this report.

REMUNERATION REPORT

(CONTINUED)

[2] See section 3.3.1 of this report. This includes short-term cash incentive paid under the IP Plan and Executive Incentive Plan or as an additional one-off discretionary bonus in June 2011 for performance in fiscal year 2011.

[3] See sections 3.3.1(c) and 3.3.2(a) of this report. This includes long-term incentive paid under the Long Term Incentive Plan with Relative TSR RSUs granted in September 2010 and Hybrid RSUs (formerly Executive Incentive Plan RSUs) granted May 2011 for performance in fiscal year 2011. This amount includes the actual value of grant received in respect of fiscal year 2011 rather than the value used for accounting purposes.

[4] See section 3.3.2(b) of this report. This includes awards of Scorecard LTI under the Long Term Incentive Plan granted in June 2010.

[5] See section 3.3.2(a) of this report. This includes grants of Relative TSR RSUs under the Long Term Incentive Plan granted in September 2010.

[6] Was not eligible for a bonus under the Executive Incentive Plan in fiscal year 2011 and did not receive a grant of Hybrid RSUs, Scorecard LTI or Relative TSR RSUs in respect of fiscal year 2011.

3.6 Variable Remuneration Payable in Future Years

Details of the accounting cost of the Variable Remuneration for fiscal year 2011 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]			Hybrid RSUs[2]			Relative TSR RSUs[3]		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Louis Gries	760,977	932,069	932,069	114,503	140,248	26,128	466,550	866,788	397,870
Russell Chenu	85,917	105,234	105,234	14,313	17,531	3,266	58,319	108,349	49,734
Robert Cox	–	–	–	–	–	–	–	–	–
Mark Fisher	85,917	105,234	105,234	13,291	16,279	3,033	54,153	100,610	46,181
Nigel Rigby	98,191	120,267	120,267	14,313	17,531	3,266	58,319	108,349	49,734

[1] Represents annual accounting cost for Scorecard LTI granted in June 2011 for performance in fiscal year 2011. The fair value of each award is adjusted for changes in JHI SE's share price at each balance sheet date until the Scorecard is applied at the conclusion of fiscal year 2012, at which time 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.

[2] Represents annual accounting cost for the Hybrid RSUs granted in June 2011 for performance in fiscal year 2011. The fair value of each RSU is adjusted for changes in JHI SE's share price at each balance sheet date until the Scorecard is applied in June 2013.

[3] Represents annual accounting cost for the Relative TSR RSUs granted in September 2010 with fair market value estimated using the Monte Carlo option-pricing method.

4. REMUNERATION FOR FISCAL YEAR 2012

4.1 Overview of Remuneration for Fiscal Year 2012

Following their review of the existing remuneration framework, the Remuneration Committee and Board resolved to continue with the remuneration framework of the last three years in fiscal year 2012.

In particular, the Board and Remuneration Committee has determined that the continuing challenging market conditions mean that a transfer of 40% of senior executives' LTI target to STI is warranted in order to ensure appropriate management focus on the company's short term results.

Subject to a number of adjustments described below, the STI and LTI incentive plans and the amount of a senior executive's STI and LTI target allocated to those plans will continue in fiscal year 2012.

4.2 Summary of Changes to Compensation for Fiscal Year 2012

The principal changes to the company's compensation programs in fiscal year 2012 are:

- expanding the 'Zero-to-Landfill' Scorecard objective to a broader 'Manufacturing Efficiency Reset' objective;
- indexing performance targets for the cash Executive Incentive Plan Payout Matrix for changes in the US repair and remodel market and pulp prices;
- indexing performance targets for the Hybrid RSUs for changes in pulp prices;
- giving the Remuneration Committee broader flexibility to reward senior executives under the IP Plan, subject to the existing cap of 150% of target; and
- increasing the CEO's target LTI by US$300,000 to US$3,100,000.

The reasons for these changes are set out in further detail below.

4.3 Details of Variable Remuneration Components in Fiscal Year 2012

4.3.1 Scorecard

The Board uses the Scorecard to set strategic objectives for which performance can only be assessed over a period of time. The company has made significant progress in each of the past three years reducing the amount of materials sent to landfill. In fiscal year 2012, the 'Zero-to-Landfill' objective will be expanded to a broader 'Manufacturing Efficiency Reset' objective which will be a multi-year initiative building (and continuing) the waste reduction objectives of 'Zero-to-Landfill' but also focusing on increasing machine efficiencies and product capabilities. Among other matters, this will support more energy efficient manufacturing.

4.3.2 FY2012 Short Term Incentive

For fiscal year 2012, the Board will continue to transfer 40% of each senior executive's LTI target to the STI target. This component will be received in Hybrid RSUs based on the company's performance in fiscal year 2012, which are then subject to negative discretion exercisable by the Board under the Scorecard in a further two years.

(a) Individual Performance Plan

20% of the STI target for senior executives (other than the CFO) will continue to be allocated to the IP Plan, to be paid in cash. There will be no change to the 150% maximum payout.

The existing IP Plan for senior executives has five levels of performance rating, each resulting in the payment of a certain percentage of the senior executive's STI target (up to a maximum of 150%). Whilst this rating system is effective and will be retained for most employees, the Board believes that a more flexible system is appropriate for senior executives. For fiscal year 2012, senior executives will still be assessed by the Board and Remuneration Committee on their individual performance against specific objectives, but the final amount payable under the IP Plan will be a discretionary payment determined by the Board and Remuneration Committee.

No other changes in the operation of the IP Plan are planned for fiscal year 2012.

(b) Executive Incentive Plan – Cash

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

The existing 'Payout Matrix' will continue to be used in fiscal year 2012, although the matrix will incorporate indexing for changes in new housing starts, the US repair and remodel market and pulp prices. Other factors such as legacy costs and exchange rate movements will also be excluded.

The Board has approved a Payout Matrix for each business unit. Each Payout Matrix includes a range of Return Measure and Growth Measure targets. The actual amount earned will be determined by the actual earnings and sales growth results for each business unit, and the corporate result will be based on the combined results of all of the business units. Strong returns on one measure at the expense of the other measure may result in lower, or nil, reward.

All senior executives, including the CEO, will have a goal based on the corporate result.

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.

No other changes in the operation of the Executive Incentive Plan are planned for fiscal year 2012.

The Board believes that the Executive Incentive Program and Payout Matrix are appropriate for the reasons set out in sections 2.4 and 3.3.1(b) of this Remuneration report.

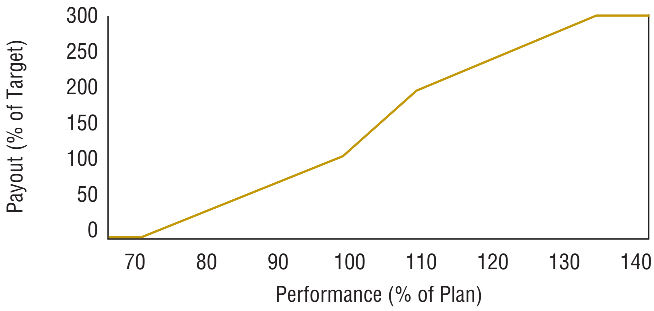
(c) LTI Transferred to STI – Hybrid RSUs

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 2012 performance payable in two-year deferred Hybrid RSUs subject to the Scorecard, and vesting and converting to shares in June 2014. 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 Hybrid RSUs are based on historical results. Achievement of a target payout in Hybrid RSUs will require improvement on the average performance for fiscal years 2009 to 2011, indexed to housing starts and pulp prices.

The Hybrid RSUs will then be subject to negative discretion of the Board based on the Scorecard in June 2014 (ie the number of Hybrid RSUs which are to vest and convert to shares may be reduced, depending on the rating received under the Scorecard). The Scorecard for the Hybrid RSUs will be the same as in fiscal year 2011, except that the 'Zero-to-Landfill' objective will be expanded to a broader 'Manufacturing Efficiency Reset' objective.

All senior executives, including the CEO, will have the same corporate level EBIT goal. The EBIT achievement will have the following potential payout slope:



Before the Hybrid RSUs vest and convert to shares, the Board will assess each senior executive's contribution to the long-term objectives set out in the Scorecard and provide each of them with a rating of between 0 and 100. Depending on this rating, between 0% and 100% of the senior executive's Hybrid RSUs will vest. In effect, the Scorecard applies a "holdback and forfeiture" principle to ensure short-term results in fiscal year 2012 are not obtained at the expense of long-term sustainability.

All other elements of the Hybrid RSUs in fiscal year 2012 will be the same as in fiscal year 2011.

REMUNERATION REPORT

(CONTINUED)

Calculation of the Hybrid RSUs in June 2012 and June 2014 is described below:

LTI target	x	40%[1]	x	Payout based on performance against 2012 EBIT goal	=	Value granted in Hybrid RSUs	x	Scorecard Rating in June 2014 (0–100%)	=	Hybrid RSUs vesting and converting to shares

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

The Board believes that the Hybrid RSUs are appropriate for the reasons set out in section 3.3.1(c) of this Remuneration report.

4.3.2 Long-Term Incentive

In previous remuneration reports the Board has stated that the CEO's LTI target remains below target levels compared to US peers and that further adjustments will be required to bring the LTI target in line with the Board's policy. For fiscal year 2012, the CEO's LTI target will increase by $300,000 to $3,100,000.

(a) Relative TSR RSUs

It is currently intended that there will be no changes in the operation of Relative TSR RSUs or in the peer group of companies for fiscal year 2012.

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

Other than replacing the 'Zero-to-Landfill' objective with the 'Manufacturing Efficiency Reset' objective, it is currently intended that there will be no changes to the operation of Scorecard LTI for fiscal year 2012.

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

Further details of the Relative TSR RSUs and Hybrid RSUs for fiscal year 2012 will be set out in the 2011 AGM Notice of Meeting.

4.4 Fixed Remuneration

No significant changes to Fixed Remuneration are planned for fiscal year 2012.

5. REMUNERATION TABLES FOR SENIOR EXECUTIVES

5.1 Total Remuneration for Senior Executives for the Years Ended 31 March 2011 and 31 March 2010

Details of the remuneration of the senior executives in fiscal year 2011 and 2010 are set out below:

(US dollars)			**Primary**	**Post-employment**	**Equity**	**Other**	
Name	Base Pay	Bonuses[1]	Noncash Benefits[2]	Superannuation and 401(k) Benefits	Equity Awards[3]	Relocation Allowances, Expatriate Benefits, and Other Non-recurring	Total
L. Gries							
Fiscal Year 2011	**$ 944,137**	**$ 948,342**	**$ 50,948**	**$ 17,072**	**$5,075,476**	**$599,806[4]**	**$ 7,635,781**
Fiscal Year 2010	936,860	1,688,832	471,208	12,999	3,744,250	174,510	7,028,659
R. Chenu							
Fiscal Year 2011	**828,334[5]**	**255,494**	**85,570**	**78,812**	**867,564**	**132,740**	**2,248,514**
Fiscal Year 2010	738,463	320,148	83,728	66,462	607,122	185,971	2,001,894
R. Cox[6]							
Fiscal Year 2011	**436,206**	**397,801**	**33,613**	**19,037**	**1,224,965**	**38,143**	**2,149,765**
Fiscal Year 2010	450,000	245,699	74,721	14,700	606,351	156,807	1,548,278
M. Fisher							
Fiscal Year 2011	**438,596**	**200,803**	**28,401**	**15,986**	**755,725**	**–**	**1,439,511**
Fiscal Year 2010	384,169	382,303	33,098	12,842	536,472	–	1,348,884
N. Rigby							
Fiscal Year 2011	**472,663**	**204,204**	**24,413**		**765,132**	**–**	**1,466,412**
Fiscal Year 2010	397,558	406,711	24,228	–	536,472	–	1,364,969
Total Compensation for Senior Executives							
Fiscal Year 2011	**3,119,936**	**2,006,644**	**222,945**	**130,907**	**8,688,862**	**770,689**	**14,939,983**
Fiscal Year 2010	2,907,050	3,043,693	686,983	107,003	6,030,667	517,288	13,292,684

1 Bonuses in respect of each fiscal year are paid in June of the following fiscal year. The amounts in fiscal years 2011 and 2010 include all incentive amounts accrued in respect of each fiscal year, pursuant to the terms of the applicable plans and any additional one-off discretionary bonuses paid. 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. Senior executives were paid fiscal year 2010 bonuses in performance shares. Refer to section 3 of this remuneration report for a summary of the terms of our Variable Remuneration plans.

2 Includes the aggregate amount of all noncash benefits received by the executive in the year indicated. Examples of noncash benefits that may be received by 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, Relative TSR and Hybrid RSUs. Relative TSR RSUs are valued using the Monte Carlo simulation method. Hybrid RSUs and Scorecard LTI awards are valued based on JHI SE's share price at each balance date. The fair value of equity awards granted are included in compensation during the period in which the equity awards vest.

4 Includes a one-off non-cash charge to recognise gross up and tax paid on fiscal year 2010's bonus during secondment to The Netherlands.

5 R Chenu's base salary is paid in A$ and a significant amount of this increase is as a result of changes in the A$:US$ exchange rate.

6 A number of R Cox's RSUs and Scorecard LTI were forfeited during fiscal year 2011. Under US GAAP accounting standards the company was required to record a non-cash cost in relation to the forfeiture.

REMUNERATION REPORT

(CONTINUED)

5.2 Equity Holdings for the Years Ended 31 March 2011 and 2010

(a) Options

Name	Grant Date	Exercise Price per right (A$)	Holding at 1 April 2010	Granted	Total Value at Grant[1] (US$)	Vested	Exercised	Value at Exercise per right[2] (US$)	Lapsed	Value at Lapse per right[3] (US$)	Holding at 31 March 2011	Weighted Average Fair Value per right[4]
Senior Executives												
Louis Gries	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	–	–	–	–	445,000	$ 2.1700
	29-Aug-07[7]	$ 7.8300	437,000	437,000	$ 1,302,260	244,720	–	–	–	–	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	$ 147,560	68,000	–	–	–	–	68,000	$ 2.1700
	29-Aug-07[7]	$ 7.8300	66,000	66,000	$ 196,680	36,960	–	–	–	–	66,000	$ 2.9800
Robert Cox	–	–	–	–	–	–	–	–	–	–	–	–
Mark Fisher	17-Dec-01	$ 5.0586	68,283	68,283	$ 28,904	68,283	68,283	1.7114	–	–	–	$ 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	$ 275,084	277,778	–	–	–	–	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	277,778	–	–	–	–	277,778	$ 0.9903

(b) RSUs

Name	Grant Date	Holding at 1 April 2010	Granted	Total Value at Grant[1] (US$)	Vested	Lapsed	Holding at 31 March 2011	Weighted Average Fair Value per unit[4]
Senior Executives								
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	487,446	$ 1,640,256	–	–	487,446	$ 3.3650
	15-Sep-09[9]	234,900	234,900	$ 1,176,849	–	–	234,900	$ 5.0100
	11-Dec-09[9]	81,746	81,746	$ 564,865	–	–	81,746	$ 6.9100
	07-Jun-10[11]	–	360,267	$ 2,142,760	–	–	360,267	$ 5.9477
	15-Sep-10[9]	–	577,255	$ 2,595,627	–	–	577,255	$ 4.4965
Russell Chenu	15-Sep-08[9]	108,637	108,637	$ 309,615	–	–	108,637	$ 2.8500
	29-May-09	94,781	94,781	$ 318,938	–	–	94,781	$ 3.3650
	15-Sep-09[9]	45,675	45,675	$ 228,832	–	–	45,675	$ 5.0100
	11-Dec-09[9]	15,895	15,895	$ 109,834	–	–	15,895	$ 6.9100
	07-Jun-10[11]	–	70,052	$ 416,648	–	–	70,052	$ 5.9477
	15-Sep-10[9]	–	72,157	$ 324,454	–	–	72,157	$ 4.4965
Robert Cox	15-Sep-08[9]	155,196	155,196	$ 442,309	–	62,504	92,692	$ 2.8500
	29-May-09	135,402	135,402	$ 455,628	–	61,580	73,822	$ 3.3650
	15-Sep-09[9]	65,250	65,250	$ 326,903	–	65,250	–	$ 5.0100
	11-Dec-09[9]	22,707	22,707	$ 156,905	–	22,707	–	$ 6.9100
	07-Jun-10[11]	–	100,074	$ 595,210	–	96,788	3,286	$ 5.9477
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	77,548	$ 260,949	–	–	77,548	$ 3.3650
	15-Sep-09[9]	39,150	39,150	$ 196,142	–	–	39,150	$ 5.0100
	11-Dec-09[9]	13,624	13,624	$ 94,142	–	–	13,624	$ 6.9100
	07-Jun-10[11]	–	60,044	$ 357,124	–	–	60,044	$ 5.9477
	15-Sep-10[9]	–	67,003	$ 301,279	–	–	67,003	$ 4.4965
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	77,548	$ 260,949	–	–	77,548	$ 3.3650
	15-Sep-09[9]	39,150	39,150	$ 196,142	–	–	39,150	$ 5.0100
	11-Dec-09[9]	13,624	13,624	$ 94,142	–	–	13,624	$ 6.9100
	07-Jun-10[11]	–	60,044	$ 357,124	–	–	60,044	$ 5.9477
	15-Sep-10[9]	–	72,157	$ 324,454	–	–	72,157	$ 4.4965

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

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

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

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

5 Options granted under 2001 JHI SE Equity Incentive Plan. See section 7, page 58 for summary of key terms of options granted.

6 Options granted under 2005 Managing Board Transitional Stock Option Plan. See section 7, page 60 for summary of key terms of options granted.

7 Options granted under James Hardie Industries Long-Term Incentive Plan 2006 (LTIP). See section 7, pages 59-60 for summary of key terms of options granted.

8 Deferred Bonus RSUs granted under Deferred Bonus Program and LTIP. See section 7, page 61 for key terms of Deferred Bonus RSUs.

9 Relative TSR RSUs granted under LTIP. See section 7, page 59 for key terms of Relative TSR RSUs.

10 Deferred Bonus RSUs granted under Deferred Bonus Program and 2001 JHI SE Equity Incentive Plan.

11 Hybrid RSUs (formerly Executive Incentive Plan RSUs) granted under LTIP. See Section 7, Page 60 for key terms of Hybrid RSUs.

REMUNERATION REPORT

(CONTINUED)

(c) Scorecard LTI

Name	Grant Date	Holding at 1 April 2010	Granted	Vested	Lapsed	Holding at 31 March 2011
Senior Executives						
Louis Gries	21-Jun-09	483,294	483,294	–	–	483,294
	29-Jun-10	–	442,424	–	–	442,424
Russell Chenu	21-Jun-09	93,974	93,974	–	–	93,974
	29-Jun-10	–	55,303	–	–	55,303
Robert Cox	21-Jun-09	134,248	134,248	–	88,315	45,933
	29-Jun-10	–	–	–	–	–
Mark Fisher	21-Jun-09	80,549	80,549	–	–	80,549
	29-Jun-10	–	51,353	–	–	51,353
Nigel Rigby	21-Jun-09	80,549	80,549	–	–	80,549
	29-Jun-10	–	55,303	–	–	55,303

5.3 Senior Executive's Relevant Interests in JHISE

Changes in senior executives' relevant interests in JHI SE securities between 1 April 2010 and 31 March 2011 are set out below:

	CUFS at 1 April 2010	CUFS at 31 March 2011	Options at 1 April 2010	Options at 31 March 2011	RSUs at 1 April 2010	RSUs at 31 March 2011
Louis Gries	259,875	298,543	3,328,000	2,328,000	1,564,124	2,300,322
Russell Chenu	35,000	55,990	442,000	352,000	264,988	407,197
Robert Cox	–	48,621	–	–	378,555	169,800
Mark Fisher	29,519	96,519	1,080,561	1,012,278	283,336	410,383
Nigel Rigby	–	73,792	886,281	886,281	283,336	415,537

5.4 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 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 the RSUs (net of taxes and other costs).

The CEO and two other senior executives held the number of shares required to comply with the stock ownership guidelines during fiscal year 2011. However, even after the stock ownership guidelines have been achieved, senior executives are required to retain at least 25% of shares issued under the company's long-term equity incentive plans as a result of exercise 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 68 of the Corporate Governance Report within this annual report.

5.5 Loans

The company did not grant loans to senior executives during fiscal year 2011. There are no loans outstanding to senior executives.

6. 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.

6.1 CEO's Employment Contract

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

Components	Details
Length of contract	Indefinite. The CEO is an 'at-will' employee.
Base salary	US$950,000 for fiscal year 2011 and 2012. Salary reviewed annually by the Board and there will be no base salary increase for fiscal year 2012.
Short-term incentive	Annual STI target is 125% of annual base salary for fiscal year 2011 and 2012. 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 IP Plan.
Long-term incentive	On the approval of shareholders, stock options or other equity incentive will be granted each year. The recommended number of options or other form of equity to be granted will be appropriate for this level of executive in the US. For fiscal year 2012, the LTI target will be US$3.1 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 RSUs 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 duration of the consulting agreement referenced below; and
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 LTIP, the CEO's outstanding options will not expire during any post-termination consulting period. In addition, in the event of an agreed separation or agreed retirement, his unvested restricted stock units and awards will not be automatically forfeited. 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 20 years.

6.2 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$900,279 for fiscal year 2011. Salary reviewed annually by the Board in May.
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.
Long-term incentive	The CFO will receive stock options or other long-term equity with performance hurdles each year. The value of equity to be granted will be equivalent to at least US$350,000.
Superannuation	The CFO is entitled to superannuation contributions equal to 9% of his base salary. The contribution to the CFO's superannuation fund will be the maximum contribution currently allowed by law (A$50,000), with the balance paid to the CFO.
Resignation or Termination	The company or CFO may cease the CFO's employment with the company by providing three months' notice in writing.
Redundancy or diminution of role	If the position of CFO is determined to be redundant or subject to a material diminution in status, duties or responsibility, the company or the CFO may terminate the CFO's employment. The company will pay the CFO a severance payment equal to the greater of 12 months' pay or the remaining proportion of the term of the contract.

REMUNERATION REPORT

(CONTINUED)

6.3 Benefits contained in contracts for CEO, CFO and General Counsel

In fiscal year 2011, 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 benefits listed below. The CFO continues to receive these benefits during the term of his assignment in the US:

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 in The Netherlands. **Health, Welfare and Vacation Benefits:** Eligible to receive all health, welfare and vacation benefits offered to all US employees, or similar benefits. The CEO was 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.

6.4 Other senior executives' employment contracts

Details of employment contracts for senior executives are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	Base salary is subject to Remuneration Committee approval and reviewed annually in May.
Short-term incentive	An annual STI target is set at a percentage of the senior executive's salary. The STI target is between 60% and 65% and reviewed annually.
Long-term incentive	Upon the approval of the Board, awards of Scorecard LTI awards and grants of Relative TSR and Hybrid RSUs may be 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, except as required under the terms of the applicable STI or LTI plans.
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.

7. KEY TERMS OF EQUITY GRANTS

7.1 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 new employees in March 2007.
Offered to	General management, not Managing Board directors[1] (all awards were granted while JHI SE was domiciled in The Netherlands).
Vesting schedule	25% of options vest on the 1st anniversary of the grant, 25% vest on the 2nd anniversary date and 50% vest on the 3rd anniversary date.
Expiration date	10th anniversary of each grant.

2001 JHI SE Equity Incentive Plan (RSUs)	Annual grants made in December 2008, 2009 and 2010. RSUs replaced options as the company's grant vehicle in 2008.
Offered to	Senior employees other than senior executives.
Vesting schedule	25% of RSUs vest on the 1st anniversary of the grant, 25% vest on the 2nd anniversary date and 50% vest on the 3rd anniversary date.
Expiration date	RSUs convert to shares on vesting on a one-for-one basis.
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 (which we refer to as "ROCE") and TSR.
Offered to	Managing Board directors.
Performance period	Three years to five years from the grant date.
Retesting	Yes, for the TSR tranche only, on the last Business Day of each six-month period following the 3rd Anniversary and before the 5th Anniversary.
Exercise period	Until ten 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 Australia specialising in building materials: Boral Limited, Valspar Corporation, Hanson plc, Rinker Group Limited (2006 grant only), Weyerhaeuser, Lafarge SA, CSR Limited, Cemex SA de CV, Nichiha Corp, Fletcher Building Limited, Martin Marietta Materials Inc, Saint Gobain, Eagle Materials Inc, Texas Industries, Wienerberger AG, 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 and 2007 grant ROCE tranche options vested 100%, the 2006 TSR tranche options have vested 60% and the 2007 TSR tranche options have vested 56%. No options have been exercised.
James Hardie Industries Long Term Incentive Plan 2006 (Relative TSR RSUs) (RSUs)	Relative TSR RSUs granted September and December 2008 and 2009 and September 2010.
Offered to	Senior executives and Managing Board directors (1).
Performance period	Three years to five years from the grant date.
Retesting	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.

1 The Managing Board was dissolved on 17 June 2011 following completion of JHISE's re-domicile to Ireland.

REMUNERATION REPORT

(CONTINUED)

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. For 2010 onwards, the TSR performance hurdle peer group companies also include American Woodmark Corp, Apogee Enterprises, Inc, Amstrong World Enterprises, Inc, Fortune Brands, Inc, Interface, Inc, Mohawk Industries, Inc and PGT 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.
Expiration date	RSUs convert to shares on vesting on a one-for-one basis.
James Hardie Industries Long Term Incentive Plan 2006 (Hybrid RSUs) (Previously referred to as Executive Incentive RSUs)	Hybrid RSUs granted June 2010 and 2011.
Offered to	Senior executives and Managing Board directors.
Option Exercise Price	Nil.
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.
Expiration date	RSUs convert to shares on vesting on a one-for-one basis.
James Hardie Industries Long Term Incentive Plan 2006 Scorecard LTI (Cash Awards)	Cash-settled Awards granted June 2009, 2010 and 2011
Offered to	Senior executives.
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.
Expiration date	Three years from the grant date.

7.2 Equity grants which vested or lapsed in fiscal year 2011

2005 Managing Board Transitional Stock Option Plan (MBTSOP) (Options)	Options granted on 22 November 2005.
Offered to	Managing Board directors.
Performance period	22 November 2005 to 22 November 2008.
Retesting	Yes, on the last Business Day of each six-month period following the 3rd anniversary and before the 5th anniversary.
Exercise period	Not applicable, as all options have lapsed.
Performance condition Vesting criteria	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. – 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.
Vested/Lapsed	Lapsed with no options vesting.

2001 JHI SE Equity Incentive Plan Deferred Bonus Program (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.
Expiration date	The RSUs vested and converted into shares granted on a one-for-one basis.
James Hardie Industries Long Term Incentive Plan 2006 Hybrid RSUs (RSUs)	Hybrid RSUs granted June 2009.
Offered to	Senior executives and Managing Board directors (1).
Option Exercise Price	Nil.
Vesting schedule (2009 grant only)	100% vest on the 2nd anniversary of the grant.
Expiration date	The RSUs vested and converted into shares granted on a one-for-one basis.

Further details of equity incentive plans that expired during fiscal year 2011 are provided in Note 16 to the consolidated financial statements starting on page 99 of this annual report.

8. REMUNERATION FOR 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.

8.1 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 (discussed below). All directors' fees are paid in cash.

During fiscal year 2011, 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 non-executive director fees, excluding fees paid to Committee Chairs, by 5% effective 1 April 2011.

The fees paid in fiscal year 2011, and payable in fiscal year 2012 are:

(US $) **Role**	**Fiscal year 2011**	**Fiscal year 2012**
Chairman	$315,000	$330,750
Deputy Chairman	$183,750	$192,938
Board member	$136,500	$143,325
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 fee. The Due Diligence Committee met three times in fiscal year 2011 as part of the completion of the Company's Re-domicile.

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.

8.2 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.

8.3 Supervisory Board Share Plan

Under the Supervisory Board Share Plan 2006 (which we refer to as the "SBSP"), non-executive directors could elect to receive some of their annual fees in JHI SE shares. The complexity of the four different jurisdictions in which the company's individual directors are resident means that it is easier for most directors to directly acquire shares to meet the Board Accumulation Policy. As a result, the SBSP has been discontinued.

8.4 Director Retirement Benefits

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

REMUNERATION REPORT

(CONTINUED)

8.5 Total Remuneration for Non-Executive Directors for the Years Ended 31 March 2011 and 31 March 2010

The table below sets out the remuneration for those directors who served on the Board during the fiscal years ended 31 March 2011 and 31 March 2010:

(US dollars)	Primary	Equity		
Name	Directors' Fees[1]	JHI SE Stock[2]	Other Benefits[3]	Total
M. Hammes				
Fiscal Year 2011	**$ 316,500**	**$ –**	**$ 6,065**	**$ 322,565**
Fiscal Year 2010	221,000	85,000	10,641	316,641
D. McGauchie				
Fiscal Year 2011	**193,750**	**–**	**1,659**	**195,409**
Fiscal Year 2010	185,000	–	2,428	187,428
B. Anderson				
Fiscal Year 2011	**159,500**	**–**	**1,005**	**160,505**
Fiscal Year 2010	155,000	10,000	8,290	173,290
D. Dilger[4]				
Fiscal Year 2011	**154,019**	**–**	**2,431**	**156,450**
Fiscal Year 2010	75,000	–	1,784	76,784
D. Harrison				
Fiscal Year 2011	**146,500**	**–**	**1,456**	**147,956**
Fiscal Year 2010	130,000	10,000	10,000	150,000
J. Osborne				
Fiscal Year 2011	**138,000**	**–**	**2,483**	**140,483**
Fiscal Year 2010	127,500	10,000	990	138,490
R. van der Meer				
Fiscal Year 2011	**136,500**	**–**	**1,264**	**137,764**
Fiscal Year 2010	120,000	10,000	–	130,000
Total Compensation for Non-Executive Directors				
Fiscal Year 2011	**$1,244,769**	**$ –**	**$16,363**	**$1,261,132**
Fiscal Year 2010	1,013,500	125,000	34,133	1,172,633

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

2 The Supervisory Board Share Plan (SBSP) was discontinued for fiscal year 2011. For fiscal year 2010, 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. Refer to section 8.3 for further details about the SBSP.

3 Other Benefits includes the cost of non-executive directors' fiscal compliance in The Netherlands and other costs connected with Board-related events.

4 Mr. Dilger was appointed as a director effective September 2, 2009. The amounts for fiscal year 2011 include $17,519 fees paid for service on a number of the Company's subsidiary boards, as approved by the Board.

8.6 Non-Executive Directors' Interests in JHISE

Changes in non-executive directors' relevant interests in JHI SE securities between 1 April 2010 and 31 March 2011 are set out below:

	Number of Shares/CUFS At 1 April 2010	On market Purchases	Number of Shares/CUFS at 31 March 2011
Michael Hammes	32,847[1]	–	32,847
Donald McGauchie	25,372[2]	–	25,372
Brian Anderson	7,635	–	7,635
David Dilger	25,000[3]	–	25,000
David Harrison	12,384[4]		12,384
James Osborne	2,551	–	2,551
Rudy van der Meer	17,290	–	17,290

1 9,000 shares/CUFS held as ADRs.

2 6,000 shares held for the McGauchie Superannuation Fund.

3 25,000 shares held for the David Dilger Approved Retirement Fund for which Mr Dilger is a beneficiary.

4 10,000 shares held as ADRs.