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 document reports on the Company's remuneration practices in fiscal year 2012 and also voluntarily includes an outline of the Company's proposed remuneration framework for fiscal year 2013.

During fiscal year 2012 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 adviser.

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 exposed to the US housing market, that emphasises operational excellence and shareholder value creation through incentives which link executive remuneration with the interests of shareholders. 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

It is James Hardie's policy to align remuneration received with performance achieved.

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 with 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 (and potentially zero for poor performance).

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 adviser of the remuneration positioning for the CEO and senior executives relative to their US peers. Subject to compliance with US tax code requirements, 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 2012 were:

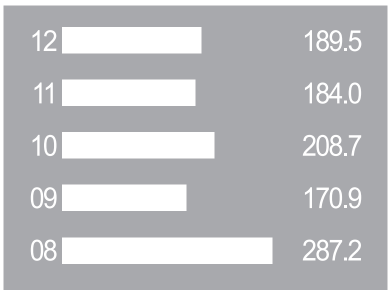
- Louis Gries, Chief Executive Officer
- Joe Blasko, General Counsel
- Russell Chenu, Chief Financial Officer
- Mark Fisher, Executive General Manager – International
- Nigel Rigby, Executive General Manager – USA

2. FISCAL 2012 COMPANY PERFORMANCE AND LINK WITH REMUNERATION POLICY

2.1 Actual Performance

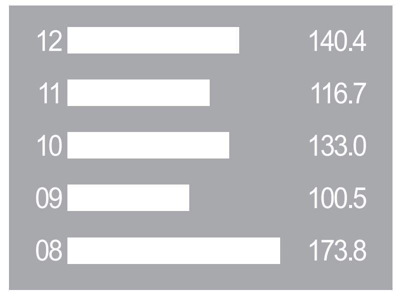
James Hardie's five-year EBIT and Net income, and five-year A$ Total Shareholder Return (including dividends and capital returns) mapped against changes in US housing starts are shown in the graphs below:

EBIT[1]
(Millions of US dollars)

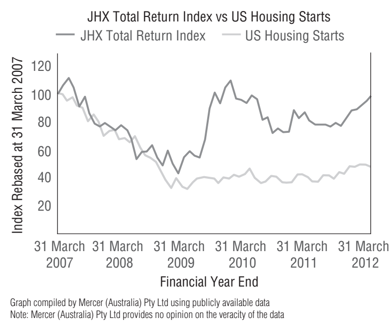


[1] Excludes asbestos, asset impairments and ASIC expenses.

Net Income[2]
(Millions of US dollars)



[2] Excludes asbestos, asset impairments, ASIC expenses and tax adjustments.



2.2 Market Conditions

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 demanding in fiscal year 2012. According to the US Census Bureau, single family housing starts, which are one of the key drivers of the Company's performance, were approximately 445,600 in fiscal year 2012, which is relatively flat compared to fiscal year 2011. Repair and remodel activity also slightly declined during fiscal year 2012.

Although there were ongoing challenges in the housing market, including tight credit conditions, elevated unemployment rates and a shadow inventory of foreclosed homes, fiscal year 2012 reflected a more stable market environment (albeit at historically low levels) and consistent operating results when compared with fiscal year 2011. Although some industry data suggest increased interest among potential homebuyers, builder confidence remains at relatively low levels and the market remains restrained due to the many challenges that continue to inhibit a sustainable recovery in the overall housing market and broader US economy.

2.3 Company Performance

Despite these challenges and the significant decline in the US housing market since March 2006, the Company achieved strong results in fiscal year 2012, gaining both category and market share and continuing to be in a strong operational and financial position. Some of the key components in the Company's performance in fiscal year 2012 include:

- an improvement of 20% in the Company's net operating result to US$140.4 million, excluding asbestos, asset impairments, ASIC expenses and tax adjustments;
- an improvement in net sales, sales volume and EBIT (excluding asset impairments) for the USA and Europe Fibre Cement business of 6%, 7% and 1%, respectively;
- an improvement in net sales and EBIT for the Asia Pacific business of 6% and 1%, respectively, in a generally weak industry environment and with sales volume down 4%;
- successful resolution of the RCI litigation, which resulted in a refund of A$369.8 million from the ATO; and
- strong net operating cash flow, which resulted in a net cash position of US$265.4 million at 31 March 2012 (compared to net debt of US$40.4 million at 31 March 2011) and allowed the Board to recommence dividend payments and capital management and to make an advance payment to the Asbestos Injuries Compensation Fund of US$138.7 million.

As part of its assessment of the Company's performance in the US, the Board considered the impact of an asset impairment charge of US$14.3 million taken during fiscal year 2012. Although the Board would normally take the view that such a charge should be included in the calculation of management's performance during the year, the Board determined not to do so in respect of this charge because:

- replacement of the asset provided space for new plant and equipment which will be used to more cost-effectively service continued growth in one of the Company's key markets; and
- recent improvements in manufacturing efficiency mean that markets serviced by the asset can be serviced more effectively by the Company's existing manufacturing facilities.

2.4 Performance Linkage with Remuneration Policy

The Board and Remuneration Committee continue to believe that the Company's remuneration framework is appropriate to focus management on dealing with the continuing difficult US housing industry conditions and provides appropriate alignment between senior executives and shareholders.

As part of their annual review of management performance, the Board and Remuneration Committee review management's performance compared to prior years and its peers on a range of factors, including performance against the measures in the Company's Variable Remuneration STI and LTI plans, other financial performance, and the Scorecard. Based on that review, the Board and Remuneration Committee concluded that management's performance in fiscal year 2012 was superior to the 75th percentile of its peer group of companies and substantially better than the Company's performance in fiscal year 2011. As a result of this assessment, Variable Remuneration outcomes in fiscal year 2012 are substantially above fiscal year 2011 and, for the STI plans, above target.

More details about this assessment, including the percentage of the maximum Variable Remuneration awarded to or forfeited by senior executives is set out in section 3 of this Remuneration Report below.

3. DESCRIPTION OF COMPANY'S REMUNERATION ARRANGEMENTS

This section describes the Company's remuneration arrangements applying in fiscal year 2012.

3.1 Overview of Variable Remuneration

Variable Remuneration is at risk and is earned by senior executives when the Company or the individual meets or exceeds specified performance goals. The Company's Variable Remuneration incentive plans for senior executives in fiscal year 2012 are set out below:

Duration	Plan Name	Amount	Form Incentive Paid
Short-term (1-3 years)	Individual Performance Plan (IP Plan)	20% of STI Target	Cash
	Executive Incentive Plan	80% of STI Target	Cash
		40% of LTI Target	Hybrid RSUs
Long-term (3-5 years)	Long Term Incentive Plan (LTIP)	30% of LTI Target	Relative TSR RSUs
		30% of LTI Target	Scorecard LTI (cash)

3.2 Scorecard

The Company includes an element of a 'Scorecard' rating in both its Hybrid RSUs (formerly called Executive Incentive Plan RSUs) and Scorecard LTI to ensure continued focus by senior executives on a balance of financial, strategic, business, customer and organisational development goals. Each of these 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 single objective and the final Scorecard assessment will involve an element of judgment by the Board.

The Remuneration Committee 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 that will ultimately vest). It cannot be applied to enhance the maximum reward that can be received. The only change to the Scorecard objectives for fiscal year 2012 compared to fiscal year 2011 was the replacement of the 'Zero to Landfill' objective with a broader 'Manufacturing Efficiency' objective, which is a multi-year initiative that builds on the waste reduction objectives of 'Zero-to-Landfill' with a focus on increasing machine efficiencies and product capabilities. Among other matters, this objective will support more efficient manufacturing. It is likely that senior executives will receive different ratings when assessing their Scorecard performance for the Hybrid RSUs and Scorecard LTI.

Further details related to the Scorecard for fiscal year 2012, including the method of measurement, historical performance against the proposed measures and the Board's expectations, were previously set out in the 2011 AGM Notice of Meeting. An assessment of the Company's Scorecard performance for fiscal years 2010-2012 is set out on pages 42-44 of this report. The Board will provide an explanation of the final assessment of performance under the Scorecard for fiscal years 2012-2014 at the conclusion of fiscal year 2014.

3.3 Description of Variable Remuneration

3.3.1 Short-Term Incentives

The STI target for senior executives is allocated between corporate goals (under the Executive Incentive Plan or EIP Plan) and individual goals (under the Individual Performance Plan or IP Plan). The STI target for senior executives was determined as a percentage of base salary, which was unchanged in fiscal year 2012:

Position	STI Target as % of base salary	Proportion of STI Target allocated to corporate goals	Proportion of STI target allocated to individual goals
Chief Executive Officer	125%	80%	20%
Chief Financial Officer	33%	0%	100%
Other senior executives	45-65%	75-80%	20-25%

Given the Board's assessment at the start of fiscal year 2012 that the US housing market continued to be uncertain and was lacking stability, for fiscal year 2012 the Board determined that 40% of each senior executive's LTI target should be received in Hybrid RSUs. Although this component of a senior executive's Variable Remuneration is received in three years time, it is treated as 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 2012, and then subject to the negative discretion exercisable two years later if the Board feels that performance in fiscal year 2012 was achieved at the expense of long-term measures, including those set forth in the Scorecard.

(a) FY12 STI Cash bonus for individual goals – Individual Performance Plan

Part of the STI target for each senior executive is allocated based on their individual performance and is payable in cash. The maximum payout for this component is 150% of the STI target allocated based on the respective senior executive's individual performance. Senior executives are assessed by the Board and the Remuneration Committee on their individual performance against specific objectives for fiscal year 2012, which are approved by the Board and the Remuneration Committee. Rewards are based on the Board's assessment of each senior executive's performance at the end of the fiscal year.

Board's Assessment of the Individual Performance Plan for FY12

The IP Plan links financial rewards to the achievement of a senior executive's specific individual objectives that have benefited the Company and contributed to shareholder value and that are not directly captured by the corporate component of the STI.

(b)FY12 STI cash bonus for corporate goals - Executive Incentive Plan

Each senior executive (other than the CFO) has part of their STI target allocated based on achievement of corporate objectives and is payable in cash. The maximum payout for this component is 300% of the STI target allocated for corporate performance.

The Company uses a 'Payout Matrix' which provides for a range of possible payouts depending on the Company's performance against performance hurdles which assess growth above market (which we refer to as the “Growth Measure”) and earnings (which we refer to as the “Return Measure”) to determine the level of payout under the EIP. The purpose of the two Payout Matrix performance hurdles 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. Management is encouraged to balance growth and returns since achievement of strong rewards requires management to generate both strong earnings and sales growth substantially above market. Higher returns on one measure at the expense of the other measure result in lower, or nil, reward.

To ensure management does not unduly benefit or is not unduly penalised by external factors, the Growth Measure and Return Measure are respectively indexed for changes in new housing starts and the US repair and remodel market, and for changes in pulp prices. Other factors such as costs related to legacy issues and exchange rate movements are also excluded. The Board also has 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 following a management decision endorsed by the Board given an assessment of market circumstances at the time.

Each business has its own Payout Matrix which includes a range of Return Measure and Growth Measure targets. All senior executives, including the CEO, are assessed based on the consolidated results of all the operating businesses.

The Company does not disclose the Growth Measure and Return Measure targets since these are commercial in confidence. However, achieving a target payment for fiscal year 2012 would have required performance in excess of the average of the performance for the previous three years on both the Growth Measure and the Return Measure.

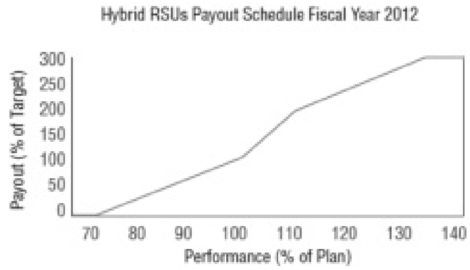
Board Assessment of the Executive Incentive Plan for FY12

The Board believes that the Payout Matrix under the EIP 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;
- incorporates indexing for factors beyond management’s control; and
- incorporates Board discretion where a long-term decision endorsed by the Board would impact short-term results measured under the Payout Matrix in the Board’s assessment of management’s performance.

(c) FY12 LTI (Hybrid RSUs) - Executive Incentive Plan

For fiscal year 2012, 40% of the LTI target for senior executives was allocated to the EIP and payable in Hybrid RSUs. The maximum initial grant of Hybrid RSUs is up to 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 2012 were derived based on the STI EIP ‘Payout Matrix’ for fiscal year 2012 and a grant of Hybrid RSUs at target required an improvement on performance for fiscal year 2011. The EBIT performance hurdle for the Hybrid RSUs was:



Before the Hybrid RSUs that were granted in June 2012 vest in June 2014 and convert to shares, the Board will assess the Company's results to ensure short-term results in fiscal year 2012 were not obtained at the expense of long-term sustainability, taking into account the Company's financial results, the measures set out in the Scorecard and each senior executive's individual performance. Based on this assessment, the Board will determine what percentage of the senior executive's Hybrid RSUs will vest and convert to shares. In effect, the Scorecard applies a "holdback and forfeiture" principle to give the Board discretion to review fiscal year 2012 performance with the benefit of another two years of trading and assess whether the strong results in fiscal year 2012 were obtained at the expense of long-term sustainability.

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 2012, and then subject to the negative discretion exercisable in a further two years if the Board feels that performance in fiscal year 2012 was achieved at the expense of long-term performance.

Calculation of the Hybrid RSUs granted to the CEO for fiscal year 2012 performance is described below:

Based on the CEO's LTI target quantum of US$3,100,000 in fiscal year 2012 and James Hardie's performance of 98% of target against the Hybrid RSU EBIT performance hurdle, the CEO received:

> 40% x US$3,100,000 x 98% = US$1,215,200 which was settled in 166,459 Hybrid RSUs on 7 June 2012.

At the conclusion of the additional two-year performance period in June 2014, the Board will assess the Company's and the CEO's performance in fiscal year 2012 with the benefit of an additional two years of trading. The number of Hybrid RSUs which will vest is between 0% and 100%. For indicative purposes, assuming that the Board determines 100% or 85% or 70% of the CEO's Hybrid RSUs should vest, he could receive one of:

- if the Board determines 100% of the RSUs should vest: 166,459 shares
- if the Board determines 85% of the RSUs should vest: 141,490 shares
- if the Board determines 70% of the RSUs should vest: 116,521 shares

Board Assessment of Hybrid RSUs for FY12

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

- provide an incentive to ensure that the Company's growth focus 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;
- recognise that quantifying a specific long-term financial outcome requirement was not yet possible in the market prevailing at the start of fiscal year 2012;
- avoid a mechanistic formula with outcomes based on market movements rather than management action; and
- allow for the "forfeiture" of some or all of the potential value, in the collective judgment of the independent directors, based on financial returns, individual performance and a number of long-term objectives identified by the Board as being able to affect longer-term outcomes in uncertain economic times.

Board Assessment of management performance under Executive Incentive and Individual Performance Plans for FY12

The Company's results and the subsequent STI and LTI payouts for fiscal year 2012 were above STI target and marginally below LTI target due to:

- USA and Europe Fibre Cement performing substantially above target on the Growth Measure, due to strong category and market share growth, and marginally below target on the Return Measure, due to lower prices in the second half of fiscal year 2012, higher freight costs and higher product provisions offset by strong manufacturing performance, lower energy prices and higher volume; and
- Asia Pacific achieving performance slightly above target on the Growth Measure, despite difficult market conditions in all geographic markets except the Philippines, and performance marginally above target on the Return Measure, due to a mixture of strong sales activity, improved price and product mix, controlled organisational spend and manufacturing performance.

The higher payout under the STI plan reflects the Company's strong Growth Measure performance in fiscal year 2012, whereas the lower payout under the LTI plan (before the Board even considers whether to exercise its negative discretion in two years' time) reflects the Company's marginally below target performance on the Return Measure.

The Board and the Remuneration Committee believe that stabilisation in the US housing market means that the heightened focus on short-term performance for the past four years using the Hybrid RSUs is no longer required. In fiscal year 2013, the Hybrid RSUs will be replaced by a long-term financial return measure based on return on capital employed (which we refer to as "ROCE RSUs"). ROCE RSUs are described in more detail in the 2012 AGM Notice of Meeting.

The percentage of the maximum Variable Remuneration under the EIP awarded to or forfeited by senior executives for performance in fiscal year 2012 compared to fiscal year 2011 is set out below.

	Cash STI[1]		Hybrid RSUs[2]	
	Awarded %	Forfeited %	Awarded %	Forfeited %
L Gries				
Fiscal Year 2012	56	44	33	67
Fiscal Year 2011	31	69	8	92
J Blasko[3]				
Fiscal Year 2012	56	44	-	-
Fiscal Year 2011	-	-	-	-
R Chenu				
Fiscal Year 2012	100	-	33	67
Fiscal Year 2011	100	-	8	92
M Fisher				
Fiscal Year 2012	58	42	33	67
Fiscal Year 2011	34	66	8	92
N Rigby				
Fiscal Year 2012	56	44	33	67
Fiscal Year 2011	28	72	8	92

1 **Awarded** = % of fiscal year 2011 or 2012 Cash STI maximum actually paid. **Forfeited** = % of fiscal year 2011 or 2012 STI maximum foregone. STI amounts were paid in cash under the Executive Incentive Program and IP Plan or as an additional one-off discretionary bonus for one executive in fiscal year 2011. These amounts do not include Hybrid RSUs. The cash payments for each fiscal year are paid in the June following the end of the fiscal year.

2 **Awarded** = % of fiscal year 2011 or 2012 Hybrid RSUs maximum which actually granted. **Forfeited** = % of fiscal year 2011 or 2012 Hybrid RSUs maximum which was foregone. The value earned for performance in a fiscal year was granted in the form of Hybrid RSUs in the June following the end of the fiscal year. Hybrid RSUs will vest two years after grant date and convert to shares, subject to the Board's exercise of negative discretion.

3 Commenced employment 13 June 2011. Received relocation allowance in lieu of fiscal year 2012 LTI grants.

3.3.2 Long-Term Incentives

The remaining 60% of the LTI target for senior executives is allocated as grants of RSUs based on the Company's total shareholder return relative to its peers (which we refer to as "Relative TSR RSUs"), 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 award under both of these programs is capped at 300% of the target.

(a) FY12 Relative TSR RSUs

30% of the LTI target for senior executives is allocated as grants of Relative TSR RSUs, which were granted in September 2011 for fiscal year 2012. The peer group for the Relative TSR RSUs consists of the same peer group of companies exposed to the US housing market which the Company uses for compensation benchmarking purposes. The Board and the 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 for FY12

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 given that further volatility may be experienced in the continuation of the global financial crisis. In addition, this approach extends the motivational potential of the Relative TSR RSUs from three to five years and, given that the Company will incur the same accounting expense irrespective of the vesting outcome, is more effective from a cost-benefit perspective.

(b) FY12 Scorecard LTI

30% of the LTI target for senior executives is allocated as grants of Scorecard LTI awards that were granted in June 2011 for fiscal year 2012. 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 three years later. 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 accordance with their Scorecard rating.

Board Assessment of Scorecard LTI for FY12

The Board introduced Scorecard LTI because it determined 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 an uncertain housing market. Ensuring that the reward's value is tied to share price provides alignment with shareholder interests. 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 decide to sell their shares.

Board Assessment of management performance under Scorecard LTI for FY12

At the end of fiscal year 2012 the Board and the Remuneration Committee performed their first review of the Company's and management's performance under the Scorecard, relating to the grant of Scorecard LTI in June 2009 as part of the FY10 LTI. A weighted average Scorecard rating of 61% (from a range of 50% to 83%) was applied based on the senior executives' contribution to the Company's performance against the Scorecard objectives.

As previously disclosed in the Company's 2009 AGM Notice of Meeting, the Company's performance over the three-year period from FY10-FY12 based on the Scorecard objectives determined in mid-2009 was:

Measure	Performance over period	Board Requirement	Reasons	Assessment of Management's Performance
US Primary Demand Growth (PDG)	FY12: 9.1% FY11: (4.4)%[1] FY10: 7.4%[1] [1] Figures have been restated to reflect updated methodology calculation.	**Minimum:** Maintain relative to market **Stretch:** Primary demand growth relative to market	A key strategy for the Company is to maximise its market share growth/ retention of the exterior cladding market for new housing and for repair & remodel segments, which it does by growing fibre cement's share of the exterior cladding market and by maintaining the Company's share of the fibre cement category.	Growth above stretch target achieved over three year period. Negative result in FY11 recovered and improved in FY12.
US Product Mix Shift	Color Plus and Artisan penetration improved each year.	**Board Minimum:** 5% annual improvement in penetration of ColorPlus and Artisan products **Stretch:** 10% annual improvement in penetration of ColorPlus and Artisan products	The Company aims to maintain its leadership position across the fibre cement category of the exterior cladding market by developing new products/ marketing/manufacturing approaches that will result in an improved mix of our products and gross margins.	Performance above stretch target. The focus of this goal will include other differentiated products going forward.
US Zero To the Landfill (ZTL)	In the past three years the Company has made significant progress in reducing the amount of materials sent to landfill.	**Minimum:** 5% annual reduction of equivalent dumpsters sent to landfill **Stretch:** 7% annual reduction of equivalent dumpsters sent 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.	Growth above stretch target achieved over three year period. The elimination rate slowed as savings became more difficult to find. The goal was expanded in FY11 to a broader manufacturing efficiency goal.

Measure	Performance over period	Board Requirement	Reasons	Assessment of Management's Performance
Safety	FY12: 1.46 18.1 FY11: 1.74 18.8 FY10: 1.7 37	No fatalities **Minimum:** 10.4 Incident Rate (IR) (FY10 industry average) and 50 Severity Rate (SR) **Stretch:** 2.0 IR and 20 SR	Safety of Company employees is an essential ESG measure.	Performance above stretch goals. Results below 2 IR and 20 SR are now expected.
Strategic Positioning	JH Europe re-set as a viable business. Acquired small fibreglass windows manufacturer and shaped trim technology.	The Board expects that management will continue to diversify to provide more balance and greater profit opportunities to Company.	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.	Performance met minimum goals.
Legacy Issues	All major legacy issues concluded.	**Minimum:** Resolve or address the Dutch domicile and make substantial progress on others **Stretch:** Resolve or address all 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.	Performance met stretch goals. All major legacy issues concluded, largely in the Company's favour. Only remaining issue is conclusion of appeals of certain former directors and officers in the ASIC litigation (the Company is not involved in these proceedings).
Managing During the Economic Crisis	With nil debt, ample liquidity, strong EBIT margins, strong cash flow and earnings, JH is well-positioned, including relative to peers.	Maintain an adequate capital structure.	With the US building materials industry experiencing a downturn unprecedented in the past 60 years, managing the Company through this time so it can emerge at the end of this period in as strong or stronger competitive position in the overall industry is crucial.	Performance met Board requirements. Strong cash generation in the business and a successful resolution of the ATO litigation.

Measure	Performance over period	Board Requirement	Reasons	Assessment of Management's Performance
Talent Management/ Development	The Company continues to have a strong management team.	It is not possible to set a specific goal for this measure beyond requiring that management capability be retained and grown.	Improving management development and capability is important to the Company's future growth.	Performance below Board minimum requirements. The CEO will be managing the US business for the next few years with a focus on developing a strong management team capable of achieving the Company's goals.

(c) FY12 Long-Term Incentives Below Senior Executive Level

In fiscal year 2012, 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 was extended through to 2021 at the 2011 AGM.

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 2012. 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 Description of Fixed Remuneration

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

3.4.1 Base Salaries

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 salaries for senior executives are 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 2013, the Board determined that only two of the Company's senior executives will receive a base salary increase in fiscal year 2013.

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 in executive wellness programs, long service leave and an annual financial planning allowance (which includes tax return preparation assistance).

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 2012

The Company's improved performance in fiscal year 2012 was reflected in an increase in the Variable Remuneration paid to senior executives in fiscal year 2012 compared to fiscal year 2011:

	Fixed Remuneration[1]	**Variable Remuneration**[3]				
	Salary, Non-cash Benefits, Superannuation, 401(k) etc %	Cash Incentive[2]	Hybrid RSUs %	Scorecard LTI %	Relative TSR RSUs %	Total Variable %
L Gries						
Fiscal Year 2012	12	18	12	29	29	88
Fiscal Year 2011	20	12	4	32	32	80
J Blasko[4]						
Fiscal Year 2012	70	30	-	-	-	30
Fiscal Year 2011	-	-	-	-	-	-
R Chenu						
Fiscal Year 2012	54	12	6	14	14	46
Fiscal Year 2011	55	13	2	15	15	45
M Fisher						
Fiscal Year 2012	30	24	8	19	19	70
Fiscal Year 2011	36	17	3	22	22	64
N Rigby						
Fiscal Year 2012	27	27	8	19	19	73
Fiscal Year 2011	36	17	3	22	22	64

1 Includes base salary, non-cash benefits, expatriate benefits, other non-recurring benefits and superannuation/pension payments.

2 Includes STI amounts that were paid in cash under the Executive Incentive Program and IP Plan (for fiscal year 2011 as an additional one-off discretionary bonus for one executive). The cash payments for each fiscal year are paid in the June following the end of the fiscal year.

3 Equity components include fiscal year 2012 SG&A expense for Hybrid RSUs, Scorecard LTI and Relative TSR RSUs.

4 Commenced employment 13 June 2011. Received relocation allowance in lieu of fiscal year 2012 LTI grants.

3.6 Variable Remuneration Payable in Future Years

Details of the accounting cost of the Variable Remuneration for fiscal year 2012 that may be paid to senior executives in 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 and the Company's estimate of the Scorecard Rating to be applied to Scorecard LTI.

	Scorecard LTI[1] (US dollars)				Hybrid RSUs[2] (US dollars)				Relative TSR RSUs[3] (US dollars)			
	FY2012	FY2013	FY2014	FY2015	FY2012	FY2013	FY2014	FY2015	FY2012	FY2013	FY2014	FY2015
L Gries	659,222	807,437	807,437	150,427	-	487,867	599,567	111,700	451,695	832,670	832,670	383,256
J Blasko[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R Chenu	74,428	91,162	91,162	16,984	-	55,082	67,693	12,611	50,998	94,012	94,012	43,271
M Fisher	74,428	91,162	91,162	16,984	-	55,082	67,693	12,611	50,998	94,012	94,012	43,271
N Rigby	22,642	27,733	27,733	5,167	-	22,347	27,464	5,117	N/A	N/A	N/A	N/A
	830,720	**1,017,494**	**1,017,494**	**189,562**	**-**	**620,378**	**762,417**	**142,039**	**553,691**	**1,020,694**	**1,020,694**	**469,798**

1 Represents annual SG&A expense for Scorecard LTI granted in June 2011 based on Board assumption of final Scorecard rating. The fair value of each award is adjusted for changes in JHI SE's common stock price at each balance sheet date until the final Scorecard rating is applied in June 2014, at which time the final value is based on the Company's share price and the senior executive's Scorecard rating at the time of vesting.

2 Represents annual SG&A expense for the Hybrid RSUs granted in June 2012 for performance in fiscal year 2012. The fair value of each RSU is adjusted for changes in JHI SE's common stock price at each balance sheet date until the Board exercises negative discretion and some, all or none of the awards become vested in June 2014.

3 Represents annual SG&A expense for the Relative TSR RSUs granted in September 2011 with fair market value estimated using the Monte Carlo option-pricing method.

4 Commenced employment 13 June 2011. Received relocation allowance in lieu of fiscal year 2012 LTI grants.

4. CHANGES TO REMUNERATION FOR FISCAL YEAR 2013

4.1 Overview of Remuneration for Fiscal Year 2013

The Board and the Remuneration Committee have spent a considerable amount of time over the past year reviewing the Company's existing remuneration arrangements. With the Board believing that the US housing market has now stabilised to an extent which permits the setting of multi-year financial metrics as part of the Company's LTI compensation arrangements, there are a number of changes proposed to remuneration for fiscal year 2013.

There will be no increases to the CEO's base salary, target STI or target LTI in fiscal year 2013.

The principal changes to the Company's STI and LTI plans are:

- introducing an adjustment to the result achieved on the Growth Measure of the Payout matrix depending on the Company's performance against the largest participants in the 'wood-look' market;
- replacing the existing Hybrid RSUs with RSUs which have a performance measure based on the Company's average return on capital employed (ROCE) over a three year period;

- changing the performance criteria for the Relative TSR RSUs to increase the performance required to achieve target and maximum rewards, eliminate cliff vesting at the 50th percentile and provide for rewards to incrementally increase from the 40th percentile;

- reducing the maximum payout that can be received under the ROCE and Relative TSR RSUs (which account for 70% of target LTI) from 300% to 200% of LTI target. The Board has retained the maximum payout of 300% of target for the Scorecard LTI to give itself flexibility;

- increasing the number of days used to calculate the starting and testing points to 20 business days to reduce the impact of a single day's volatility on vesting;

- updating the Peer Group for fiscal year 2013 grants of Relative TSR RSUs; and

- updating the Scorecard objectives for fiscal year 2013.

The following section summarises the changes to the Executive Incentive Plan and the Scorecard LTI for fiscal year 2013.

4.2 STI - Changes to Executive Incentive Plan for FY13

The Board proposes to continue with the basic Payout Matrix approach balancing performance on the Growth Measure against performance on the Return Measure for the corporate portion of the EIP described on page 36 of this report.

However, in fiscal year 2013 it will adjust the Growth Measure of the Payout Matrix based on the Company's performance against market tracking data from the largest participants in the 'wood-look' products market (collectively, the "Wood-Aesthetic Market Index" or "WMI").

The Company's performance against each of the three individual components of the WMI will impact the Growth Return by adding or subtracting from the current primary demand growth derived multiple as follows:

- if the Company meets or exceeds the performance of all three WMI participants, 0.2x will be added to the Growth Measure;

- If the Company meets or exceeds the performance of two of the three WMI participants, there will be no change to the Growth Measure; and

- If the Company fails to meet or exceed the performance of more than one of the three WMI participants, then 0.2x will be subtracted from the Growth Measure.

In each case, the resulting Growth Measure is multiplied by the Return Measure to achieve the final payout.

The Board and the Remuneration Committee believe that this amendment will further focus management on increasing the Company's share of the exterior cladding market at the expense of 'wood-look' competitors, which will create substantial value for shareholders.

4.3 LTI - Changes to Scorecard LTI for FY13

The Board uses the Scorecard to set strategic objectives for which performance can only be assessed over a period of time. The changes to the objectives for fiscal year 2013, and the reasons for those changes are set out below:

Goal	Change	Reasons
Primary demand growth	Supplemented to include growth against ‘wood-look’ products.	This will provide greater focus on the areas where the Company can increase fibre-cement’s share of the market.
Product Mix Shift	No change to the objective. But as the Company develops new differentiated products, measurement of this goal will include those products.	Product mix shift is a key part of the Company’s product leadership through creating new differentiated value-added products.
Managing during the Economic Crisis	Replaced with a new goal ‘Positioning the Company for potential recovery’.	Moving the Company to a more appropriate leverage and being ready to grow in the event that the US housing market recovers.
Legacy Issues	Removed.	Not required now that most of the Company’s legacy issues have been resolved.

The other components of the Scorecard remain unchanged.

4.3 LTI - Changes to ROCE RSUs and Relative TSR RSUs

The 2012 AGM Notice of Meeting contains details of the changes to the ROCE RSUs and Relative TSR RSUs.

5. REMUNERATION PAID TO SENIOR EXECUTIVES

5.1 Total Remuneration for Senior Executives

Details of the remuneration of the senior executives in fiscal years 2012 and 2011 are set out below:

(US dollars)	Primary			Post-employment	Equity Awards		Other	
Name	Base Pay	Bonuses[1]	Noncash Benefits[2]	Superannuation and 401(k) Benefits	Ongoing Vesting[3]	Mark-to-Market[4]	Relocation Allowances, Expatriate Benefits, and Other Non-recurring[5]	**Total**
L Gries								
Fiscal Year 2012	**$ 956,825**	**$1,959,285**	**$ 106,960**	**$ 14,700**	**$4,832,467**	**$1,469,093**	**$104,000**	**$ 9,443,330**
Fiscal Year 2011	944,137	948,342	50,948	17,072	5,016,523	58,953	599,806	7,635,781
J Blasko								
Fiscal Year 2012	**230,769**	**161,730**	**45,840**	**9,808**	**-**	**-**	**387,062[6]**	**835,209**
Fiscal Year 2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R Chenu								
Fiscal Year 2012	**953,735[7]**	**339,510**	**96,474**	**88,800**	**895,737**	**287,159**	**105,133**	**2,766,548**
Fiscal Year 2011	828,334	255,494	85,570	78,812	862,097	5,467	132,740	2,248,514
M Fisher								
Fiscal Year 2012	**434,317**	**416,599**	**50,979**	**14,877**	**701,388**	**220,125**	**-**	**1,838,285**
Fiscal Year 2011	438,596	200,803	28,401	15,986	750,268	5,457	-	1,439,511
N Rigby								
Fiscal Year 2012	**509,711**	**529,939**	**28,469**	**-**	**734,313**	**171,637**	**-**	**1,974,069**
Fiscal Year 2011	472,663	204,204	24,413	-	758,905	6,227	-	1,466,412
Total Compensation for Senior Executives								
Fiscal Year 2012	**$3,085,357**	**$3,407,063**	**$ 328,722**	**$128,185**	**$7,163,905**	**$2,148,014**	**$596,195**	**$ 16,857,441**
Fiscal Year 2011	$2,683,730	$1,608,843	$ 189,332	$111,870	$7,387,793	$ 76,104	$732,546	$ 12,790,218

1 Includes STI amounts that were paid in cash under the Executive Incentive Program and IP Plan or as an additional one-off discretionary bonus for one executive in fiscal year 2011. The cash payments for each fiscal year are paid in the June following the end of the fiscal year.

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, financial planning and tax services.

3 Includes grants of Scorecard LTI awards, Relative TSR RSUs and Hybrid RSUs. Relative TSR RSUs are valued using 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. In the case of Hybrid RSUs and Scorecard LTI awards, this amount excludes the equity award expense in fiscal years 2012 and 2011 resulting from changes in the Company's share price, which is disclosed separately in the Equity Awards "Mark-to-Market" column.

4 Hybrid RSUs and Scorecard LTI awards are valued based on the Company's share price at each reporting date. The amount included in this column is the equity award expense resulting solely from changes in the US dollar share price during fiscal years 2012 and 2011. During fiscal year 2012, there was a 27% appreciation in the Company's share price from US$6.30 to US$7.99.

5 Includes a non-cash charge to recognise gross-up and tax paid on equity vested during fiscal years 2012 and 2011 for which a portion of the vesting period was while L Gries and R Chenu were seconded to The Netherlands.

6 Commenced employment 13 June 2011. Received relocation allowance in lieu of fiscal year 2012 LTI grants.

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

5.2 Equity Holdings of Senior Executives

(a) Options

Name	Grant Date	Exercise Price per right (A$)	Holding at 1 April 2011	Granted	Total Value at Grant[1] (US$)	Vested	Exercised	Value at Exercise per right[2] (US$)	Lapsed	Value at Lapse per right[3] (US$)	Holding at 31 March 2012	Weighted Average Fair Value per right[4]
Senior Executives												
L Gries	3-Dec-02[6]	$ 6.4490	325,000	325,000	$ 210,633	325,000	(325,000)	1.0610	-	-	-	0.6481
	5-Dec-03[6]	$ 7.0500	325,000	325,000	$ 338,975	325,000	-	-	-	-	325,000	1.0430
	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	-	-	(152,400)	-	228,600	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	343,482	-	-	-	-	437,000	2.9800
J Blasko	-	-	-	-	-	-	-	-	-	-	-	-
R Chenu	22-Feb-05[6]	$ 6.3000	93,000	93,000	$ 107,973	93,000	-	-	-	-	93,000	1.1610
	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	-	-	(24,000)	-	36,000	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	51,876	-	-	-	-	66,000	2.9800
M Fisher	3-Dec-02[6]	$ 6.4490	74,000	74,000	$ 47,959	74,000	(74,000)	1.3510	-	-	-	0.6481
	5-Dec-03[6]	$ 7.0500	132,000	132,000	$ 137,676	132,000	-	-	-	-	132,000	1.0430
	14-Dec-04[6]	$ 5.9900	180,000	180,000	$ 183,276	180,000	(90,000)	0.8500	-	-	90,000	1.0182
	1-Dec-05[6]	$ 8.9000	190,000	190,000	$ 386,137	190,000	-	-	-	-	190,000	2.0323
	21-Nov-06[6]	$ 8.4000	158,500	158,500	$ 291,069	158,500	-	-	-	-	158,500	1.8364
	10-Dec-07[6]	$ 6.3800	277,778	277,778	$ 275,084	277,778	-	-	-	-	277,778	0.9903
N Rigby	17-Dec-01[6]	$ 5.0586	20,003	20,003	$ 8,467	20,003	(20,003)	1.8914	-	-	-	0.4233
	3-Dec-02[6]	$ 6.4490	27,000	27,000	$ 17,499	27,000	(27,000)	1.1510	-	-	-	0.6481
	5-Dec-03[6]	$ 7.0500	33,000	33,000	$ 34,419	33,000	-	-	-	-	33,000	1.0430
	14-Dec-04[6]	$ 5.9900	180,000	180,000	$ 183,276	180,000	(180,000)	1.6900	-	-	-	1.0182
	1-Dec-05[6]	$ 8.9000	190,000	190,000	$ 386,137	190,000	-	-	-	-	190,000	2.0323
	21-Nov-06[6]	$ 8.4000	158,500	158,500	$ 291,069	158,500	-	-	-	-	158,500	1.8364
	10-Dec-07[6]	$ 6.3800	277,778	277,778	$ 275,084	277,778	(277,778)	1.3000	-	-	-	0.9903

(b) Restricted Stock Units

Name	Grant Date	Holding at 1 April 2011	Granted	Total Value at Grant[1] (US$)	Vested	Lapsed	Holding at 31 March 2012	Weighted Average Fair Value per right[4]
Senior Executives								
L Gries	15-Sep-08[8]	558,708	558,708	$1,592,318	(558,708)	-	-	$ 2.8500
	29-May-09[9]	487,446	487,446	$1,640,256	(487,446)	-	-	$ 3.3650
	15-Sep-09[8]	234,900	234,900	$1,176,849	-	-	234,900	$ 5.0100
	11-Dec-09[8]	81,746	81,746	$ 564,865	-	-	81,746	$ 6.9100
	7-Jun-10[9]	360,267	360,267	$2,142,760	-	-	360,267	$ 5.9477
	15-Sep-10[8]	577,255	577,255	$2,595,627	-	-	577,255	$ 4.4965
	7-Jun-11[9]	-	45,687	$ 279,901	-	-	45,687	$ 6.1265
	15-Sep-11[8]	-	606,852	$2,500,291	-	-	606,852	$ 4.1201
J Blasko	-	-	-	-	-	-	-	-
R Chenu	15-Sep-08[8]	108,637	108,637	$ 309,615	(108,637)	-	-	$ 2.8500
	29-May-09[9]	94,781	94,781	$ 318,938	(94,781)	-	-	$ 3.3650
	15-Sep-09[8]	45,675	45,675	$ 228,832	-	-	45,675	$ 5.0100
	11-Dec-09[8]	15,895	15,895	$ 109,834	-	-	15,895	$ 6.9100
	7-Jun-10[9]	70,052	70,052	$ 416,648	-	-	70,052	$ 5.9477
	15-Sep-10[8]	72,157	72,157	$ 324,454	-	-	72,157	$ 4.4965
	7-Jun-11[9]	-	5,711	$ 34,988	-	-	5,711	$ 6.1265
	15-Sep-11[8]	-	68,516	$ 282,293	-	-	68,516	$ 4.1201
M Fisher	17-Dec-08[8]	116,948	116,948	$ 268,980	(116,948)		-	$ 2.3000
	29-May-09[9]	77,548	77,548	$ 260,949	(77,548)		-	$ 3.3650
	15-Sep-09[8]	39,150	39,150	$ 196,142			39,150	$ 5.0100
	11-Dec-09[8]	13,624	13,624	$ 94,142			13,624	$ 6.9100
	7-Jun-10[9]	60,044	60,044	$ 357,124			60,044	$ 5.9477
	15-Sep-10[8]	67,003	67,003	$ 301,279			67,003	$ 4.4965
	7-Jun-11[9]	-	5,303	$ 32,489			5,303	$ 6.1265
	15-Sep-11[8]	-	68,516	$ 282,293			68,516	$ 4.1201
N Rigby	17-Dec-08[8]	116,948	116,948	$ 268,980	(116,948)		-	$ 2.3000
	29-May-09[9]	77,548	77,548	$ 260,949	(77,548)		-	$ 3.3650
	15-Sep-09[8]	39,150	39,150	$ 196,142			39,150	$ 5.0100
	11-Dec-09[8]	13,624	13,624	$ 94,142			13,624	$ 6.9100
	7-Jun-10[9]	60,044	60,044	$ 357,124			60,044	$ 5.9477
	15-Sep-10[8]	72,157	72,157	$ 324,454			72,157	$ 4.4965
	7-Jun-11[9]	-	5,711	$ 34,988			5,711	$ 6.1265
	15-Sep-11[8]	-	78,304	$ 322,620			78,304	$ 4.1201

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 price 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 the 2005 Managing Board Transitional Stock Option Plan.

6 Options granted under the 2001 JHI SE Equity Incentive Plan.

7 Options granted under James Hardie Industries Long-Term Incentive Plan 2006 (LTIP).

8 Relative TSR RSUs granted under the LTIP.

9 Hybrid RSUs (formerly Executive Incentive Plan RSUs) granted under LTIP.

(c) Scorecard LTI

Name	Grant Date	Holding at 1 April 2011	Granted	Vested	Lapsed	Holding at 31 March 2012
Senior Executives						
L Gries	21-Jun-09	483,294	483,294	-	-	483,294
	29-Jun-10	442,424	442,424	-	-	442,424
	7-Jun-11	-	455,239	-	-	455,239
J Blasko	-	-	-	-	-	-
R Chenu	21-Jun-09	93,974	93,974	-	-	93,974
	29-Jun-10	55,303	55,303	-	-	55,303
	7-Jun-11	-	51,398	-	-	51,398
M Fisher	21-Jun-09	80,549	80,549	-	-	80,549
	29-Jun-10	51,353	51,353	-	-	51,353
	7-Jun-11	-	51,398	-	-	51,398
N Rigby	21-Jun-09	80,549	80,549	-	-	80,549
	29-Jun-10	55,303	55,303	-	-	55,303
	7-Jun-11	-	58,740	-	-	58,740

5.3 Relevant Interests in JHI SE for Senior Executives

The Company's LTI plans and stock ownership guidelines (described below) provide a strong level of alignment between senior executives and shareholders. Changes in relevant interests of senior executives in JHI SE securities between 1 April 2011 and 31 March 2012 are set out below:

	CUFS at 1 April 2011	CUFS at 31 March 2012	Options at 1 April 2011	Options at 31 March 2012	RSUs at 1 April 2011	RSUs at 31 March 2012
L Gries	298,543	689,922	2,328,000	1,850,600	2,300,322	1,906,707
R Chenu	55,990	152,420	352,000	328,000	407,197	278,006
J Blasko	-	-	-	-	-	-
M Fisher	96,519	158,964	1,012,278	848,278	374,317	253,640
N Rigby	73,792	265,102	886,281	381,500	379,471	268,990

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 the CEO, CFO and remaining senior executives, respectively, which require them to accumulate holdings of 3 times, 1.5 times and 1 times their base salary in the Company over a period of five years from 1 April 2009.

Until the stock ownership guidelines have been met, a senior executive is required to retain at least 75% of shares obtained under the Company's long-term equity incentive plans, through the exercising of options or vesting of the RSUs (net of taxes and other costs). The CEO and two other senior executives exceeded their respective stock ownership guidelines during fiscal year 2011. However, even after the stock ownership guidelines have been met, senior executives are required to retain at least 25% of shares issued under the Company's long-term equity incentive plans through the 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 72 of the Corporate Governance Report within this annual report.

5.5 Loans

The Company did not grant loans to senior executives during fiscal year 2012. There are no loans outstanding to senior executives.

6. EMPLOYMENT CONTRACTS

Remuneration and other terms of employment for the CEO, CFO and 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 2012 and 2013. Salary reviewed annually by the Board and there will be no base salary increase for fiscal year 2013.
Short-term incentive	Annual STI target is 125% of annual base salary for fiscal year 2012 and 2013. 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 EIP and the IP Plan.
Long-term incentive	On the approval of shareholders, a LTI incentive will be granted each year. The recommended value of LTI to be granted will be appropriate for this level of executive in the US. For fiscal year 2012 and 2013, the LTI target is unchanged at 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 21 years.

Until the Company moved our corporate domicile to Ireland, the CEO was on international assignment in The Netherlands. During the time of his international assignment, his employment contract provided for the Company to cover the extra personal tax burden imposed by residency in The Netherlands (tax equalisation) and the cost of filing income tax returns in The Netherlands.

The CEO also receives the 'Other' benefits described in the summary of employment agreements for the senior executives (described below).

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$900,279 for fiscal year 2012. Salary reviewed annually by the Board and there will be no A$ base salary increase for fiscal year 2013.
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 a LTI incentive with performance hurdles each year. The value of LTI 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, with the balance paid to the CFO in cash.
Resignation or Termination of role	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.
International Assignment	Additional benefits due to international assignment: housing allowance, goods and services allowance, moving and storage. The Company covers the extra personal tax burden imposed by residency in The United States and, prior to that, The Netherlands (tax equalisation) and the cost of filing income tax returns.

The CFO also receives the 'Other' benefits described in the summary of employment agreements for the senior executives (described below).

6.3 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 45% and 65% and reviewed annually.
Long-term incentive	Senior executives will receive a LTI incentive with performance hurdles each year. The value of LTI to be granted will be approved by the Remuneration Committee.
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:** 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. **Financial Planning:** The Company will reimburse senior executives for financial planning expenses incurred by the senior executive (including preparation of tax returns) up to a specified sum.

7. KEY TERMS OF EQUITY GRANTS

7.1 Outstanding Equity Grants

2001 JHI SE Equity Incentive Plan (Options)	Annual option grants made in December 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	All of the options are fully vested and exercisable.
Expiration date	10th anniversary of each grant.
2001 JHI SE Equity Incentive Plan	Annual grants made in December 2009, 2010 and 2011.
(RSUs)	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 29 August 2007. The grant was 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 ROCE tranche options vested 100% and the 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 December 2009 and September 2010 and 2011.
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.
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.

[1] The Managing Board was dissolved on 17 June 2010 following completion of JHI SE's re-domicile to Ireland.

James Hardie Industries Long Term Incentive Plan 2006 **(Hybrid RSUs)** **(Previously referred to as Executive Incentive RSUs)**	Hybrid RSUs granted June 2010, 2011 and 2012.
Offered to	Senior executives and Managing Board directors.
Option Exercise Price	Nil.
Vesting schedule	A proportion will vest on the 2nd anniversary of the grant depending on the Board's exercise of negative discretion to allow each senior executive between 0% and 100% of the RSUs to vest.
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)	Cash-settled Awards granted June 2009, 2010, 2011 and 2012.
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 2012

The following equity grants vested or lapsed in fiscal year 2012. Further details of each grant are set out above in section 7.1.

2001 JHI SE Equity Incentive Plan (Options)	Annual option grant made in December 2001.
Expiration date	Lapsed on 10th anniversary of grant.
2001 JHI SE Equity Incentive Plan (RSUs)	Annual grant made in December 2008.
Expiration date	Fully vested on 3rd anniversary of grant.
James Hardie Industries Long Term Incentive Plan 2006 (LTIP) Option Grants	Options granted on 21 November 2006. Grants were divided into two tranches: Return on Capital Employed (which we refer to as "ROCE") and TSR.
Expiration date	The ROCE tranche options vested 100% and the TSR options vested at 60% and both can be exercised until the 10th anniversary of grant. The remaining TSR tranche options lapsed following the 5th anniversary of grant.
James Hardie Industries Long Term Incentive Plan 2006 (Relative TSR RSUs) (RSUs)	Relative TSR RSUs granted September and December 2008**.**
Expiration date	Fully vested on first test on 3rd anniversary of grant.
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.

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 maximum aggregate fee pool of US$1.5 million per annum was approved by shareholders in 2006. The Company is proposing to seek shareholder approval at the 2012 AGM to increase the maximum aggregate fee pool by US$500,000 to US$2.0 million per annum. No additional Board fees are 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 one of the directors who serves on a number of the Company's subsidiary boards. All directors' fees are paid in cash.

During fiscal year 2012, the Remuneration Committee reviewed nonexecutive 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 4% effective 1 April 2012. The fees paid in fiscal year 2012, and payable in fiscal year 2013 are:

Position	FY12 (US$)	FY13 (US$)
Chairman	$330,750	$343,980
Deputy Chairman	$192,938	$200,655
Board member	$143,325	$149,058
Audit Committee Chair	$20,000	$20,000
Rem/N&GC Committee Chair	$10,000	$10,000
Non-executive member of subsidiary boards	Euro 22,000	Euro 23,000

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 Director Retirement Benefits

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

8.4 Total Remuneration for Non-Executive Directors for the Years Ended 31 March 2012 and 31 March 2011

The table below sets out the remuneration for those directors who served on the Board during the fiscal years ended 31 March 2012 and 31 March 2011:

(US dollars)	Primary		
Name	Directors' Fees[1]	Other Benefits[2]	Total
M Hammes			
Fiscal Year 2012	**$ 330,750**	**$ 34,457**	**$ 365,207**
Fiscal Year 2011	316,500	6,065	322,565
D McGauchie			
Fiscal Year 2012	**202,938**	**-**	**202,938**
Fiscal Year 2011	193,750	1,659	195,409
B Anderson			
Fiscal Year 2012	**163,325**	**-**	**163,325**
Fiscal Year 2011	159,500	1,005	160,505
D Dilger			
Fiscal Year 2012	**172,524**	**13,964**	**186,488**
Fiscal Year 2011	154,019	2,431	156,450
D Harrison			
Fiscal Year 2012	**153,325**	**2,238**	**155,563**
Fiscal Year 2011	146,500	1,456	147,956
A Littley[3]			
Fiscal Year 2012	**13,387**	**-**	**13,387**
Fiscal Year 2011	-	-	-
J Osborne			
Fiscal Year 2012	**143,325**	**-**	**143,325**
Fiscal Year 2011	138,000	2,483	140,483
R van der Meer			
Fiscal Year 2012	**143,325**	**-**	**143,325**
Fiscal Year 2011	136,500	1,264	137,764
Total Compensation for Non-Executive Directors			
Fiscal Year 2012	**$ 1,322,899**	**$ 50,659**	**$ 1,373,558**
Fiscal Year 2011	$ 1,244,769	$ 16,363	$ 1,261,132

1 Amount includes base, Chairman, Deputy Chairman, Committee Chairman and service as a non-executive member of certain subsidiary boards.

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

3 Joined the Board on 27 February 2012.

8.5 Non-Executive Directors' Interests in JHI SE

Non-executive directors' relevant interests in JHI SE securities at 1 April 2011 and 31 March 2012 were:

	Number of Shares/CUFS at 1 April 2011	**Number of Shares/CUFS at 31 March 2012**
M Hammes[1]	32,847	32,847
D McGauchie[2]	20,372	20,372
B Anderson	7,635	7,635
D Dilger[3]	25,000	25,000
D Harrison[4]	12,384	12,384
A Littley[5]	N/A	-
J Osborne	2,551	2,551
R 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 for which Mr McGauchie is a trustee and beneficiary.
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.
5 Joined the Board on 27 February 2012.