



James Hardie

2006 Analyst/Investor Tour

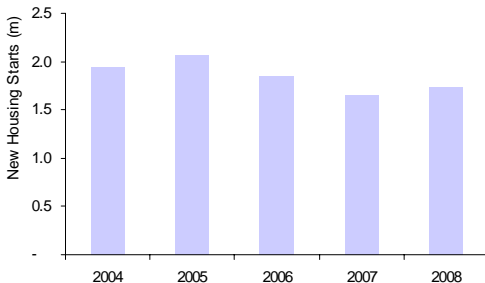
Robert Russell

Southern and Western Division

12-13 December 2006

Housing Market Update

Starts expected to be down ~12% in 2007, with varying regional impact

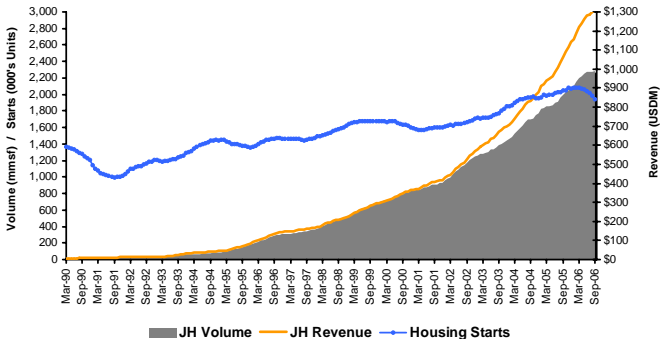



Market Conditions Impacted by:

- Lower housing affordability
- Growing inventory of unsold homes
- Investors exiting market -creating new dynamic
- High-end housing starts relatively lower impact than broader market

Market Conditions - Historic Overview

Top Line Growth





Housing Market Outlook – Demand Trends

- **New Construction Demand**

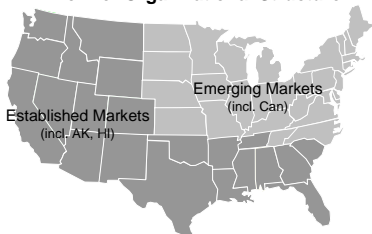
- Favorable long term demographics – population growth, low interest rates

- **Repair & Remodel Demand**

- Home inventory continues to rise – 20 million new units to 2020
- Existing home stock is aging increasing need for R&R
- Continued growing presence and convenience of “Big Box” facilitating growth

U.S. Market Overview

Former Organizational Structure

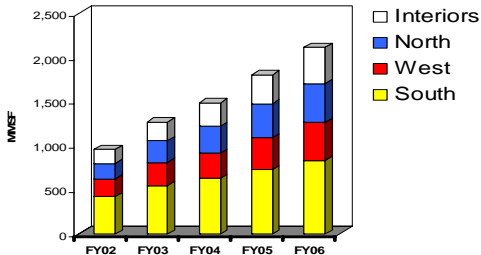
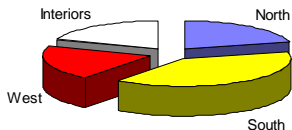


New Organizational Structure



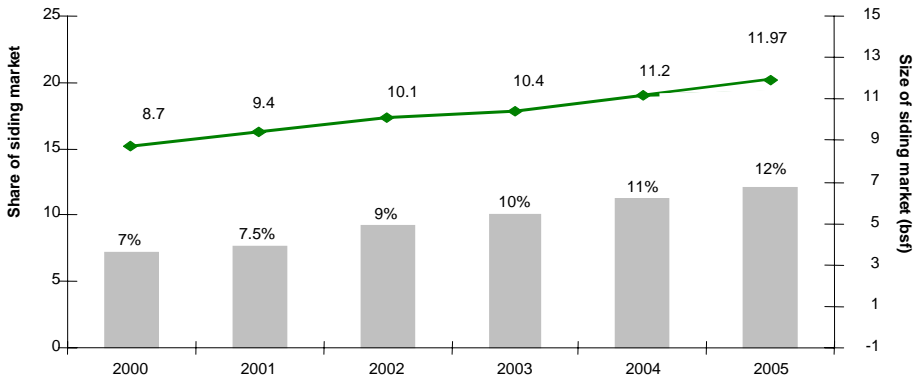
JHBP USA - Total Business Mix

FY06 Volume = 2.1bsf



Exterior Products - Siding

Continuing to increase share of siding sales



Bsf = billions square feet

NAHB Sources:

2000-2005 Builder Practices Report – Siding Usage/Exterior Wall Finish In **New Construction**

2000-2005 Consumer Practices Report – Siding Usage/Exterior Wall Finish In **Repair & Remodel**

(Note – Market and share figures reflect siding only; exclude fascia, soffits & trim)

 James Hardie Market Share

 Siding Market

Established Markets Overview – New Structure

- **Transitioning Established Markets and Emerging Markets into three operating divisions:**
 - West } Former Established Markets
 - South } Former Established Markets
 - North } Former Emerging Markets
- **Changes designed to recognise increased complexity going forward, while maintaining the benefits of a flat structure.**
- **Increased sales focus and effectiveness.**

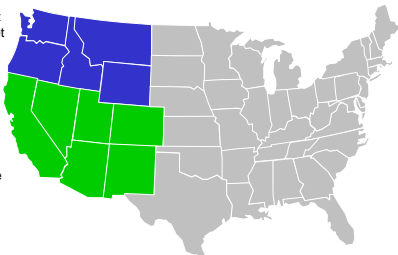


WESTERN DIVISION

Western Division Overview

West – Exteriors Division Map

Pacific North West
RSM Gary Fausset



Southwest
ASM Structure

- No Cal
- So Cal
- Denver

	PNW	SW	Total
Population	14.6M	53.2M	67.8M
Housing Starts 2006	115K	397K	511K

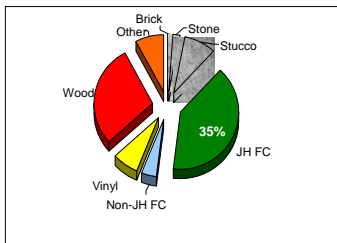
- The Pacific Northwest remains structurally the same as we commence the launch of Color Plus in a heavily penetrated market.
- The restructuring of the Southwest Region involves a more focused market approach by desegregating the Region into three primary areas:
 1. Northern California
 2. Southern California
 3. Denver

Western Division - Pacific Northwest

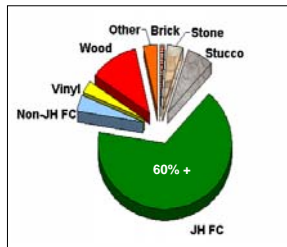
Focus

- Primary growth positioned around wood and vinyl conversions
- Specialty product growth aimed at existing customer base
- Incremental revenue opportunity With Color
- Continued push for rural market penetration
- Significant Opportunity in the R&R segment

Current Share



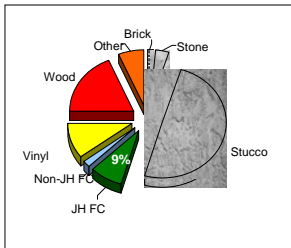
Terminal Share



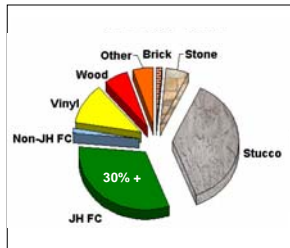
Western Division - Southwest Region Market Focus

- Significant upside remains in the SW region
- Primary growth positioned around stucco and hardboard conversions
- Opportunity to convert key markets such as No Cal and Denver to Color
 - OTWC initiative under way
 - Architectural design continue to trend in our favor

Current Share



Terminal Share

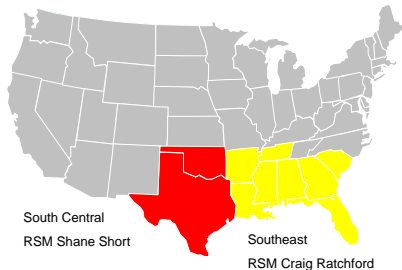




SOUTHERN DIVISION

Southern Division Overview

South – Exteriors Division Map



- Structure in the Southern Division remains relatively unchanged with the exception of a newly created ASM position in Atlanta reporting to the RSM. - Intended to enhance focus of our Atlanta market facing increased competition

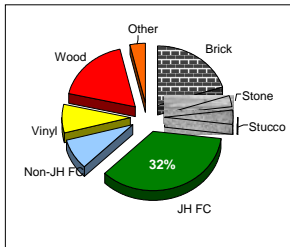
	SC	SE	Total
Population	26.3M	41.2M	67.5M
Housing Starts 2006	239K	428K	667K

Southern Division

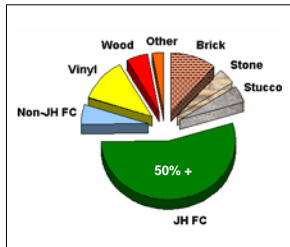
South Region

- **Brick initiative underway**
- **Continued push for Rural Market penetration**
 - Hardboard technology continuing to decline
- **Significant Opportunity in the R&R segment**
- **Specialty Products growth aimed at existing customer base**

Current Share



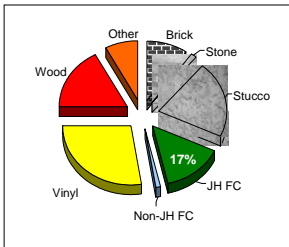
Terminal Share



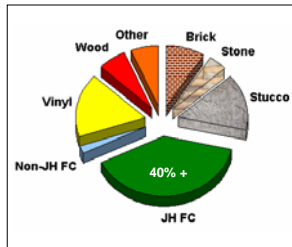
Southern Division - South East Region

- Target Hardboard, Vinyl and Stucco
- Specialty Products growth
- Direct to block initiative underway
- JH taking an Active Role in the Rebuild of the Mid South (LA, MS)
 - Positioned well with regards to architectural design and durability concerns
 - Increased staff working at both the state and local municipality level
 - Urban planning groups closely linked with the rebuild efforts

Current Share

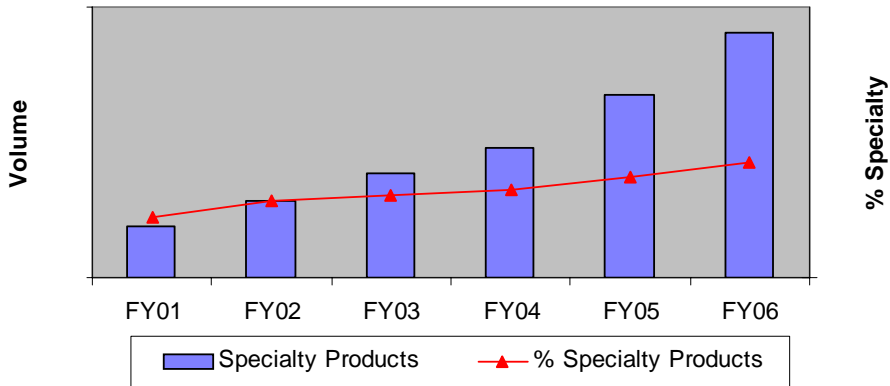


Terminal Share



U.S. Specialty Product Growth

Specialty Product Growth



Competitor Overview

Overview



- Largest share of fiber cement panel segment in Japan
 - Specialty siding products and trim accents
 - Shake, brick and stone textures
 - U.S. distribution through Nichiha USA Inc., Atlanta GA
 - Sells through loose dealer network.
 - Announced First U.S. mfg. plant in Macon, GA; scheduled on-line late 2007
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- Division of Saint Gobain – Multinational mfr. building materials, glass, high-performance materials; No.1 bldg. materials distributor in Europe; HQ France
 - Construction Products Business Sector includes Insulation, Pipe, Industrial Mortars, Gypsum products, Exterior Products including vinyl & FC siding
 - Two fiber cement siding plants in Roaring River, NC and White City, OR
 - Recently announced plans to build a third FC plant in Terre haute, IN; 2007
-
- Mexalit - manufacturer of Maxi products in Mexico, including siding & pipe
 - Constructing a plant in Nuevo Laredo, Mexico.
 - History of sales into Texas up to PNW (est.<1% share)
 - Observations suggest the plant 50%+ complete; likely operational in 2007



MAXI

Southern and Western Divisions

Defending Share / Protecting Competitive Advantage

- High penetration with national & regional builders
- Long-term price positioning
- Cemplank positioned as the low cost FC alternative
- Most efficient supply chain by market
- High brand awareness across trade & consumer segments



James Hardie

Definitions

Sales Volumes

mmsf – million square feet

msf – thousand square feet

Disclaimer

This Management Presentation contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of forward-looking statements include:

- ▶ *expectations that the conditions precedent to the Final Funding Agreement will be satisfied;*
- ▶ *expectations about payments to a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- ▶ *expectations concerning the Australian Tax Office amended assessment;*
- ▶ *expectations that our credit facilities will be extended or renewed;*
- ▶ *projections of our operating results or financial condition;*
- ▶ *statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- ▶ *statements about our future performance; and*
- ▶ *statements about product or environmental liabilities.*

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "should," "aim" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under "Risk Factors" beginning on page 5 of our Form 20-F filed on 29 September 2006 with the Securities and Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the successful implementation of the internal control over financial reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as codified by Item 308 of regulation S-K. We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.