

For media enquiries please contact John Noble on  
Tel: 61 2 8274 5206 Mob: 0407 000 040. For  
investor/analyst enquiries please contact Steve Ashe on  
Tel: 61 2 8274 5246 or Mob: 0408 164 011

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## James Hardie CEO and CFO stand aside

The Board of James Hardie Industries NV has reviewed the report of the Special Commission of Inquiry into the establishment of the Medical Research and Compensation Foundation.

The Board and management acknowledge the seriousness of Commissioner Jackson's findings. The Board notes the recently announced investigation by ASIC into the circumstances of James Hardie's creation of the Foundation to compensate victims of asbestos-related illnesses in February 2001. James Hardie will co-operate with this investigation.

The Board has taken steps to address matters raised in the Commissioner's report, while also ensuring the business continues to perform well in the interests of shareholders and all other stakeholders (including current and future asbestos claimants, employees, contractors and business partners) who are dependent on the continued financial strength of the company.

Effective immediately, Mr Peter Macdonald is standing aside as Chief Executive Officer and Mr Peter Shafron is standing aside as Chief Financial Officer. An acting CEO and acting CFO will be appointed. The Board expects to make announcements in respect of these appointments in due course.

To preserve business continuity, Mr Macdonald has agreed to be responsible for the business operations of James Hardie. He will remain based in the United States. Mr Macdonald's position will be reviewed as matters surrounding the Commissioner's report and the ASIC investigation become clearer.

Mr Shafron's future role with the company is currently under consideration by the Board but it is planned that he will undertake a number of projects for the company, outside the CFO's function, in both the United States and the Netherlands. Mr Shafron's position will also be reviewed as matters surrounding the Commissioner's report and the ASIC investigation become clearer.

As previously announced, the Special Committee of the Board will continue to oversee all matters relating to asbestos compensation and the Commissioner's report.

James Hardie Chairman, Meredith Hellicar, said the company had the will and the capacity to address a key finding of the Commissioner's report which stresses the need to develop a means of sustainable long-term compensation for asbestos disease sufferers.

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“James Hardie acknowledges the moral obligations it has to legitimate claimants. We will seek to work with the ACTU, as requested by Premier Carr, to develop a solution that is in the interests of claimants, shareholders and all parties that rely on James Hardie for their livelihood, income or well-being,” Ms Hellicar said.

The Chairman also welcomed the clarification of some disputed matters put before the Commission, including the rationale for establishing the Medical Research and Compensation Foundation and the re-domicile of the holding company to The Netherlands. “In these areas in particular, the Commissioner’s findings do not support many of the allegations made against the company during the course of the Commission,” she said.

End

### **Investor and Analyst Enquiries:**

Steve Ashe – Vice President, Investor Relations  
Telephone: 61 2 8274 5246  
Mobile: 0408 164 011  
Email: [steve.ashe@jameshardie.com.au](mailto:steve.ashe@jameshardie.com.au)

### **Media Enquiries:**

John Noble  
Telephone: 61 2 8274 5206  
Mobile: 0407 000 040  
Email: [john.noble@jameshardie.com.au](mailto:john.noble@jameshardie.com.au)

Chris Falvey  
Telephone: 61 2 82745304  
Mobile: 0414 359 235  
Email: [chris.falvey@jameshardie.com.au](mailto:chris.falvey@jameshardie.com.au)

Facsimile: 61 2 8274 5218

[www.jameshardie.com](http://www.jameshardie.com)

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