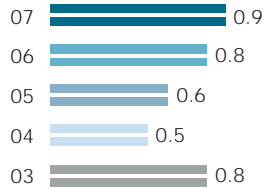


Recordable Case Frequency Rate
Frequency per 200,000 hours worked¹



Lost Workday Case Frequency Rate²
Frequency per 200,000 hours worked¹

¹ Assuming that employees work 40 hours per week, 200,000 hours is the number of hours 100 people work in a year.

² LWCFR is the number of recordable incidents that resulted in lost workdays per 200,000 hours of work. This is used to measure how many recordable incidents led to lost workdays per hundred people per year.

The year was generally a safer one for our employees, reflecting the impact of our commitment to continuously improve the level of safety in our plants across the world.

All manufacturing plants have been continuing work to bring their safety results into line with the three-year targets set by the CEO in fiscal year 2006. The target was to achieve a Recordable Case Frequency Rate of less than 2 and a Recordable Case Severity Rate of less than 20 by fiscal year 2009.

A Recordable Incident is defined relatively uniformly in all countries as an incident that requires the employee to seek professional medical treatment which may or may not lead to lost or restricted workdays for the employee and the facility.

The Recordable Case Frequency Rate for any given plant is the number of recordable incidents that occur per 200,000 hours worked there, or the number of incidents per 100 employees per year.

The Recordable Case Severity Rate for any plant is the number of days of lost or restricted duty from recordable incidents per 200,000 hours worked at the plant, or the number of days lost or restricted because of injury per 100 employees per year.

The lower the incident rate and severity rate, the safer the plant is for employees.

In fiscal year 2006, only four manufacturing facilities (out of a total of 17) were able to achieve a recordable case frequency rate less than 2 and

THE YEAR IN THE WORKPLACE



only five facilities were able to achieve a recordable case severity rate less than 20. Only three facilities were able to achieve both targets.

By comparison, in fiscal year 2007, ten manufacturing facilities (out of a total of 19) were able to achieve a recordable case frequency rate less than 2 and ten facilities were able to achieve a recordable case severity rate less than 20. Eight facilities were able to achieve both targets.

Our approach to improving safety

For fiscal year 2007, we adopted a three-fold approach to improve our safety performance:

- Our CEO reconfirmed the company-wide three year safety target of "2 and 20".
- We clarified and communicated who would be responsible for achieving the results: plant managers are responsible and accountable for the Environmental, Health & Safety (EH&S) performance of their facilities, and corporate EH&S personnel are responsible for providing plant managers with the support and

tools they need to identify and close the biggest EH&S gaps in their plants.

- We implemented a continuous improvement process to ensure all EH&S decisions are proactive and based on data, not reactive and based on emotion.

As a company, we achieved a recordable case frequency rate of 3.5 with about a quarter of these (0.9) being related to incidents that resulted in a lost workday. While both of these figures are higher than we recorded last year, this does not correspond with a higher amount of lost time. During fiscal year 2007 we actually saw an improvement in the total number of days lost or restricted due to workplace incidents: these were 5% lower than for last year even though the company had 11% more hours of work in our facilities.

It is important to acknowledge that individual incidents were less severe, even though we had more hours of work in our facilities, and we were more stringent in recording incidents.

USA Fibre Cement safety performance

Over the last 12 months, our US plants have steadily become safer, with 9 of our 14 manufacturing lines, or facilities, improving one or more of the recordable case frequency rate or recordable case severity rate.

Overall, the US facilities' recordable case frequency rate of 2.8, and recordable case severity rate of 56, was similar to the rates of 2.9 and 60 respectively for last year.

Safety highlights for the year were:

- three facilities achieved at least 12 months without a recordable incident; last year, every facility had at least one incident;
- seven facilities achieved the "(less than) 2 and (less than) 20" target for recordable case frequency rate and recordable case severity rate, compared to only one last year;
- eleven facilities beat at least one of the target metrics of recordable case frequency rate or recordable case severity rate; and

Continued over

- our newest facility, Pulaski, achieved first-year performance better than the average of our facilities in fiscal year 2007.

Asia Pacific Fibre Cement safety performance

Over the last 12 months, our Asia Pacific plants have steadily become safer, with 3 of our 5 manufacturing lines, or facilities, improving one or more of the recordable case frequency rate or recordable case severity rate.

- The Asia Pacific facilities had an overall recordable case frequency rate of 5.9 and a recordable case severity rate of 11 for fiscal year 2007. While the recordable case frequency rate is higher than the 2.4 for last year, the recordable case severity rate is much lower than the 56 recorded in fiscal year 2006. Highlights included:
 - one plant achieving a recordable case frequency rate below 2 and a recordable case severity rate below 20 for the second consecutive year; and
 - a significant reduction in the number of days of lost or restricted duties

compared to fiscal year 2006, down by 64%, despite the much larger number of incidents.

Safety for the future

Our current approach to safety will continue in both the US and Asia Pacific facilities.

Our corporate EH&S team will continue to develop and refine people and tools to support our plant managers. Activities already underway include:

- implementing an updated set of measurements to provide a more relevant estimate of the safety performance than is currently possible with the lagging recordable case frequency rate and recordable case severity rate;
- formally capturing and communicating best practices developed by different plants;
- ensuring that any investment in EH&S activities is supported by strong objective data that estimates its level of priority, and the level of risk before and after the changes have been made; and

- ensuring that we “do it right the first time” by having our EH&S team work with our design engineers before any piece of equipment is modified.

Our safety target for fiscal year 2008 will remain 2 and 20, because:

- the results achieved by our best plants show that once the people on a site commit to safety, they usually achieve a result below 1 and 10; and
- a recordable case frequency rate of 2 would continue to make us one of the safest manufacturers in our industry.