

8 January 2007



James Hardie Industries N.V.
ARBN 097 829 895
Incorporated in The Netherlands
The liability of members is limited.

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Dear James Hardie securities holder,

As a result of recent changes to legislation in the Netherlands, the Dutch national dividend withholding tax rate has been reduced from 25 percent to 15 percent effective 1 January 2007. Accordingly, the dividend payment described in the attached dividend statement is, in principle, subject to 15 percent Dutch dividend withholding tax.

This 15 percent rate applies with respect to all dividend payments to securities holders resident in Australia, irrespective of whether they hold the securities in their own right, or as a custodian, nominee or trustee.

Australian resident securities holders will no longer need to complete either the Form A or the IB-92 Universeel form to be entitled to the 15% withholding tax rate.

Securities holders who are resident outside Australia may be entitled to an even lower Dutch dividend withholding tax rate by virtue of a tax treaty between their country of residence and the Netherlands. If such a lower rate is applicable, these securities holders will have to comply with the respective rules and regulations on an individual basis in order to get the reduction from the Dutch dividend withholding tax rate to the rate provided for in the tax treaty.

Please note that this information is provided as a guide only. It is not intended as advice, and should not be relied on as such. If you are in any doubt about your tax position, or whether you can claim a refund of Dutch tax you should consult your own tax adviser.

Yours sincerely,

Benjamin Butterfield
Company Secretary