

18 April 2006

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Dear Valued Customer,

As you know, on 23 December 2004 James Hardie notified the ACCC of a proposed new distribution policy.

James Hardie had intended to implement the policy on 1 April 2006 but did not do so as the ACCC was still considering the matter at that time.

The ACCC has issued a draft notice which indicates that its assessment of the impact of our distribution policy is different from James Hardie's assessment. James Hardie has the opportunity to respond to the matters raised by the ACCC and intends to do so before the ACCC forms its final views.

James Hardie believes that the proposed policy will enable it to continue its commitment to developing technology differentiated products to the mutual benefit of distributors and James Hardie.

We write to confirm that James Hardie will not take any steps to implement the policy without further notifying you.

Thank you again for your ongoing support and we will keep you informed of progress.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Andy Spoel'.

Andy Spoel
Sales Director