

The Hardie Advantage

The Newsletter for James Hardie Dealers

July 2006

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James Hardie® fiber-cement siding is as popular with the people who buy homes as with the people who build homes. It's a superior siding product combining the warmth and character of real wood with the unsurpassed performance and durability of fiber-cement. No wonder James Hardie siding has been installed on more than 4 million homes all across America.

The Economics of James Hardie® ColorPlus® – Increased Sales, Profits

If you aren't selling James Hardie® siding products with ColorPlus® technology, or aren't selling as much as you could be, there's a very good chance you're leaving substantial money on the table.

"We're hearing more and more reports from major builders, architects and other channel members that ColorPlus is not only attracting homebuyers and helping drive sales, but in one case, it actually addressed the aesthetic requirements of a local zoning review board," says Jim Gross, Mid Atlantic Regional Sales Manager for James Hardie.

The builder of a 208-acre, multi-family development in Tennessee, Gross says, is crediting ColorPlus technology with attracting buyers of all ages and driving brisk sales. "ColorPlus is helping sell homes faster because of the colors that are available," the builder says. "Homebuyers love it."

"A Washington, D.C.-area architect reports that the color selections available in the expanded ColorPlus palette helped his firm get final approval of a demanding



local zoning review agency for a 78-unit, new-construction building," Gross says.

ColorPlus Technology = Increased Sales, Profits
 "Given these types of market pulls," Gross says, "it's easy to see that ColorPlus technology can create a win-win situation for everyone – builder, consumer, and the channel."

Here's an example of how adding ColorPlus technology to your product line-up can possibly increase your sales and profits. If you annually sell 1,000,000 sf of PrimePlus® (no color), at a 10% margin, you'll recognize a profit of about \$62,000. By slightly changing the mix to 10% ColorPlus/90% PrimePlus, your profit increases by \$2,650. Going to a 50/50 mix jumps your profit to \$13,250. And, by converting to 100% ColorPlus, you can realize an additional profit of \$26,500, a 42% increase over your 100% PrimePlus business.

Increased Profits with ColorPlus®*		
Annual Sales	Profit	Additional Profit Compared to 100% PrimePlus
100% PrimePlus	\$62,000	
90% PrimePlus/10% ColorPlus	\$64,650	\$2,650 (4%+)
50% PrimePlus/50% ColorPlus	\$75,250	\$13,250 (20%+)
100% ColorPlus	\$88,500	\$26,500 (43%+)

* Based on 1,000,000-sf annual volume. Example reflects a specific market and hypothetical sales. Profits on particular projects may vary.

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James Hardie® ColorPlus® Products Helping Drive Brisk Sales At Nashville's Lenox Village Development

James Hardie® siding products with ColorPlus® technology are giving the residences at Lenox Village – Nashville, Tennessee's first full-scale traditional mixed-use neighborhood development – the substance, style and "ego factor" that's helping drive brisk sales and attracting homebuyers ranging from young singles and couples to empty-nesters.

Regent Homes LLC – one of Middle Tennessee's fastest growing homebuilders specializing in new urban designs at affordable prices – broke ground on the first of 20 construction phases in 2003. When completed in 2008, Lenox Village – sited on 208 acres just outside South Nashville – will encompass 1,600+ residential units and 200,000 square feet of office/retail space.



"Using Hardie siding with ColorPlus is one reason we're able to build multiple-price-point, quality housing and get a faster rate of sales," says Regent Homes President David McGowan. "The 725 units we've completed are fully occupied and at any given time, we have a sales backlog of anywhere from 150-200 units."

ColorPlus Products Sell Homes Faster

ColorPlus technology is another significant selling point with homebuyers. "Hardie siding is helping sell homes faster because of the colors available. Homebuyers love it," McGowan says. "ColorPlus also delivers right to our main customers – women who are the key home purchasing decision-makers and who want color options.

"We're attracting a lot of young buyers and the look of the house is very important to them. Hardie siding and ColorPlus gives a house the 'ego value' they want."

James Hardie's 'Ownership' of Finished Home

Because James Hardie takes ownership of how a finished home looks and how its siding performs, the company offers builders a variety of support programs and marketing materials.

"When we began using ColorPlus products, Hardie's installation specialists came out and conducted a certified training program for our three install crews," McGowan says.

"These specialists are very thorough, to the point of going over how to properly install flashing. Hardie has also spent a lot of time coming up with solutions to various installation issues, such as providing ColorPlus touch-up kits so installers can do

cost-effective on-site touch-ups and ensure a properly finished home."

Having access to James Hardie's full ColorPlus product line and getting fast turnaround on orders is particularly important for Regent Homes.

"We try to turn a six-plex townhome unit in 90 days and a 14-unit condo building in 120 days," McGowan says. "Since we use multiple colors, having products available when we need them is very important.

"Hardie has made sure distributors, retailers and suppliers in our area have the products we need in stock and ready to deliver."

James Hardie® Product Catalog Tool

Finding and Viewing SKUs for Efficient Ordering

The James Hardie® Product Catalog Tool allows you to quickly access, view and order products by SKU.

Go to www.jameshardie.com/catalog to access either the online or downloadable desktop version then:

- Enter your ZIP code
- Select the "Find SKUs" section
- Enter the Part Number

After completing these three simple steps, you can view SKU details based on the coating and board type, texture, size and color you require, add the SKU directly to the "My Truck" product order section, or you can view additional SKUs for other products that better meet your needs.



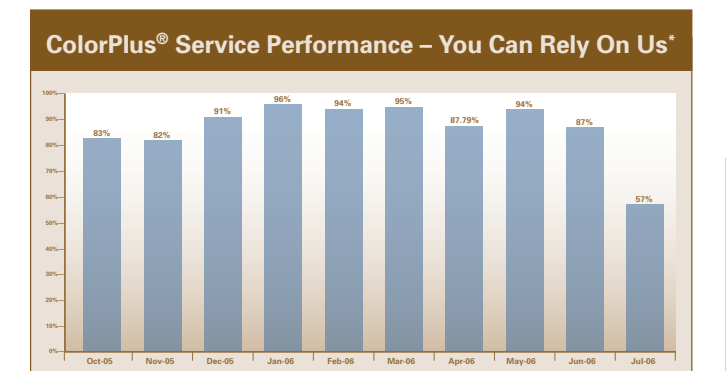
Economics of ColorPlus *continued from Page 1*

"The sell-through to builders," Gross says, "is that they can still make more money because ColorPlus helps lower OTW cost by eliminating on-site painting, minimizing the need for painting subcontractors and providing a higher-quality product at reduced cost for color availability.

"If you've never sold ColorPlus products or plan to expand your existing mix, James Hardie offers a wide selection of marketing and sales support materials – product literature, samples, POP materials and other tools – all designed to showcase and help you take full economic advantage of James Hardie siding products with ColorPlus technology."

For more information about converting to or expanding your ColorPlus offerings, please contact your local James Hardie sales rep or distribution rep.

Service Update



*Represents month-to-date performance.

Best Practices

FIFO Rotation, Product Storage & Handling

Rotating on a First-In/First-Out (FIFO) approach is a key element for achieving efficient inventory control.

FIFO gives you tighter control over your inventories by identifying which SKUs are moving fast and which aren't.

To maintain maximum protection of your James Hardie® siding products inventory:

- Store flat and keep dry and covered prior to installation. (Installing siding wet or saturated may result in shrinkage at butt joints.)
- Carry planks on edge.
- Protect edges and corners from breakage.

To receive an electronic version of *The Hardie Advantage* or request additional copies, e-mail newsletter@jameshardie.com.

Please visit www.jameshardie.com for additional product information and availability, installation information, warnings, and warranties.

Product Update Builders Maximizing Sales Volume, Profit with Harditrim® XLD® Boards

The benefits of the ColorPlus® technology palette, low maintenance, durability and aesthetic value are making Harditrim® XLD® boards with ColorPlus technology the perfect finishing touch for builders looking to maximize their sales volume.

"More and more builders tell us that from a revenue standpoint, using Harditrim XLD boards is absolutely profitable," says Erik Pekar, Senior Product Manager.

"The outstanding finished look that Harditrim XLD boards provides helps builders stand out from the competition by generating a lot of foot traffic and having people ask about the product," Pekar says. "As that kind of awareness and interest increases, it naturally fuels business growth with future job requests."

To help you serve your builders as effectively as possible by reducing waste and minimizing residual inventories, Harditrim XLD boards (4", 5" or 6") can be shipped on innovative split pallets.



HardiAdvantage Alliance® Program Preferred Dealer 2006 Events

Be sure to check out the great 2006 events James Hardie® is offering our preferred dealers this fall:

October 19-21 – JH Auto Racing School
Las Vegas, NV

October 26-29 – Quail and Pheasant Hunting
Albany, GA

Please visit www.hardilink.com for event details, Flex Fund balance and other information, or call 888.959.9615.

Important James Hardie® Contact Information

Dealer/Distribution	
Customer Service	888.888.3408
Backer (Pro Tile)	877.322.2537
Factory-Built Segment	866.301.7343
Multi-Family Quote Desk	877.236.7526
HardiAdvantage Alliance® Program	888.959.9615
Tech Support	800.942.7343
Claims	866.375.8603
Sample/Literature Requests	866.442.7343



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