HANSON PLC
Form 6-K
June 25, 2007

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Pursuant to Rule 13a - 16 or 15d - 16 of
The Securities and Exchange Act of 1934

For the Month of June, 2007

HANSON PLC

(Translation of registrant's name into English)

1 Grosvenor Place, London, SW1X 7JH, England

(Address of principal executive office)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40F.]

Form 20-F X Form 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]

Yes No X

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART III OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 426 OF THE UK COMPANIES ACT 1985. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF HANSON SHARES ON THE OFFICIAL LIST OF THE UK LISTING AUTHORITY AND OF TRADING IN HANSON SHARES ON THE LONDON STOCK EXCHANGE S MARKET FOR LISTED SECURITIES, THE CANCELLATION OF THE LISTING OF ADSs ON THE NEW YORK STOCK EXCHANGE AND THE TERMINATION OF THE QUOTATION OF CDIs ON THE ASX.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the UK Financial Services and Markets Act 2000, or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Recommended acquisition
of

HANSON PLC

by

Lehigh UK Limited

a wholly-owned direct subsidiary of

HEIDELBERGCEMENT AG

to be effected by means of a
Scheme of Arrangement
under section 425 of the UK Companies Act 1985

If you have sold or otherwise transferred all of your Hanson Shares, ADSs or CDIs, please send this document (but not the personalised Forms of Proxy, Form of Instruction or Loan Note Form of Election) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Hanson in Part I of this document, which contains the unanimous recommendation of the Hanson Directors that you vote in favour of the Scheme at the Court Meeting and the special resolution to be proposed at the Extraordinary General Meeting. Part III of this document provides further detail on the Scheme and the action to be taken.

ACTION TO BE TAKEN

Hanson Shareholders will find enclosed with this document a blue Form of Proxy and a white Form of Proxy. The blue Form of Proxy is to be used in connection with the Court Meeting and the white Form of Proxy is to be used in connection with the EGM. Whether or not you intend to attend these meetings, please complete and sign both Forms of Proxy and return them in accordance with the instructions printed on the forms either by post or (during normal business hours only) by hand to the Company s Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA so as to arrive as soon as possible but in any event so as to be received by no later than 11 a.m. on July 29, 2007, in the case of the Court Meeting (blue form), and by no later than 11:15 a.m. on July 29, 2007, in the case of the EGM (white form). Alternatively you may complete forms of proxy at www.sharevote.co.uk, following the instructions on the website. In either case this will enable your votes to be counted at the Meetings in the event of your absence.

If the blue Form of Proxy relating to the Court Meeting is not lodged by the relevant time, it may be handed to the Registrars or to the Chairman of the Court Meeting before the start of the Court Meeting. However, in the case of the Hanson EGM, if the white Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid.

Hanson Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Further details are set out in pages 7-9 of this document.

The attention of ADS Holders or CDI Holders is also drawn to Parts IV and V respectively of this document in relation to the action to be taken by them.

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IMPORTANT NOTICE

Rothschild, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser exclusively to Hanson and no one else in connection with the Proposals and will not be responsible to anyone other than to Hanson for providing the protections offered to clients of Rothschild nor for providing advice in relation to the Proposals or any other matter referred to in this document.

Hoare Govett is acting as sole corporate broker to Hanson and no one else in connection with the Proposals and will not be responsible to anyone other than to Hanson for providing the protections afforded to the clients of Hoare Govett nor for providing advice in relation to the Proposals or any other matter referred to herein.

Deutsche Bank is authorised under German Banking Law (competent authority: BaFin Federal Financial Supervising Authority) and, with respect to UK commodity derivatives business, by the Financial Services Authority. Deutsche Bank is acting as financial adviser and broker to HeidelbergCement and Lehigh and no one else in connection with the Proposals and will not be responsible to anyone other than to both HeidelbergCement and Lehigh for providing the protections afforded to clients of Deutsche Bank nor for providing advice in connection with the Proposals or any other matter referred to in this document.

INFORMATION FOR OVERSEAS PERSONS
The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer or invitation to sell, purchase, subscribe for any securities or issue or the solicitation of an offer to buy or subscribe for securities pursuant to the document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The Loan Notes, which may be issued in connection with the Scheme as described herein, have not been and will not be registered under the Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States. Accordingly, Loan Notes may not be offered or sold in the United States, except in a transaction not subject to, or in reliance on an exemption from, the registration requirements of the Securities Act and such state securities laws.

Any Loan Note which may be issued in connection with the Scheme has not been and will not be registered under the relevant securities laws of Japan and any relevant clearance and registration have not been, and will not be, obtained from the securities commission of any province of Canada. No prospectus in relation to the Loan Notes has been, or will be, lodged with or registered with, the Australian Securities and Investments Commission or with the Japanese Ministry of Finance. Accordingly, unless otherwise determined by Lehigh and permitted by applicable law and regulation, the Loan Notes may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into Japan, Canada or Australia or any other jurisdiction where to do so would violate the laws of that jurisdiction or would require registration thereof in such jurisdiction.

No other listing authority or equivalent has reviewed, approved or disapproved of this document, the Scheme or any of the proposals described herein or the Loan Notes.

The Proposals relate to the shares of a UK company and are proposed to be made by means of a scheme of arrangement under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Securities Exchange Act of 1934, as amended (the ***Exchange Act***). Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the United Kingdom to schemes of arrangement, which differ from the requirements of US tender offer rules. Financial information included in the relevant documentation has been prepared in accordance with accounting standards applicable in the UK that may not be comparable with the financial statements of US companies.

Hanson is currently subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports and other information with the US Securities and Exchange Commission (the ***SEC***). Reports and other information filed by Hanson with the SEC may be inspected and copies taken at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, DC 20549, United States. Copies of such material may also be

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obtained by mail from the Branch of Public Reference of the SEC at 100 F Street, N.E., Washington, DC 20549, United States at prescribed rates and, with respect to certain reports and information, free of charge on the SEC s website at www.sec.gov. In addition, such material may be obtained from the website of the New York Stock Exchange at www.nyse.com.

DISCLOSURE NOTICE

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of either Hanson or HeidelbergCement except where otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, includes, or may be deemed to include, forward-looking statements under United States securities laws, including statements about the expected timing of the Proposals, the expected effects on Hanson or HeidelbergCement of the Proposals, anticipated earnings enhancements, estimated cost savings and other synergies, potential strategic options, plans for and benefits of integration, estimated future growth, market position and all other statements in this document other than statements of historical fact. Forward-looking statements include, without limitation, statements that typically contain words such as will , may , should , continue , aims , believes , expects , es intends , anticipates , projects , plans or similar expressions. By their nature, forward-looking statements involve known or unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that all occur in the future. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including, but not limited to, the satisfaction of the conditions to the Proposals, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, a fluctuation in the level of clients commercial activity, appropriate consultation with employee representative bodies, a loss of key personnel and the extent to which the Hanson and HeidelbergCement businesses are successfully integrated. In the case of risks applicable to Hanson, please see the Hanson PLC Annual Report and Form 20-F 2006, section entitled Principal risks and uncertainties . Many of these risks and uncertainties relate to factors that are beyond the relevant companies abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore undue reliance should not be placed on such statements. The forward-looking statements contained in this document are made as of the date hereof and each of Hanson, HeidelbergCement and Lehigh assumes no obligation and does not intend publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise, except as required pursuant to applicable law.

DEALING DISCLOSURE REQUIREMENTS

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, interested (directly or indirectly) in one per cent. or more of any class of relevant securities of Hanson, all dealings in any relevant securities of that company (including by means of an option in respect of, or a derivative referenced to, any such relevant securities) must be publicly disclosed by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the Effective Date or when the offer period for the purposes of the Code otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an interest in relevant securities of Hanson, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all dealings in relevant securities of Hanson by HeidelbergCement, Lehigh or Hanson, or by any of their respective associates , must be disclosed by no later than 12:00 noon (London time) on the London Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose relevant securities dealings should be disclosed, and the number of such securities in issue, can be found on the Panel s website at www.thetakeoverpanel.org.uk.

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Interests in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an interest by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks within this Section headed Dealing Disclosure Requirements are defined in the Code, which can also be found on the Panel s website. If you are in any doubt as to whether or not you are required to disclose a dealing under Rule 8 you should consult the Panel.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out the dates for implementation of the Proposals. **For further information on the key timetable dates for ADS Holders and for CDI Holders, please see Parts IV and V of this document respectively.**

Unless otherwise stated, all references in this document to times are to London times.

Event	**Time and/or date**
Latest time for lodging Forms of Proxy for:	
Court Meeting (blue form)	11:00 a.m. on July 29, 2007(1)(2)
Extraordinary General Meeting (white form)	11:15 a.m. on July 29, 2007(2)
Voting Record Time	6:00 p.m. on July 29, 2007(3)
Court Meeting	11:00 a.m. on July 31, 2007
Extraordinary General Meeting	11:15 a.m. on July 31, 2007(4)
Latest time for lodging Loan Note Form of Election (green form)	6:00 p.m. on July 31, 2007(2)
The following dates are subject to change: please see note (5) below	
Court Hearing Date (to sanction the Scheme)	August 20, 2007(5)
Last day of dealings in, and for registration of transfers of, Hanson Shares	August 22, 2007(5)
Scheme Record Time	6:00 p.m. on August 22, 2007(5)
Court Hearing Date (to approve the Reduction of Capital)	August 23, 2007(5)
Effective Date	August 24, 2007(5)
Cancellation of listing of Hanson Shares	8:00 a.m. on August 30, 2007(5)
Termination of quotation of the CDIs	August 30, 2007(5)
Cancellation of listing of the ADSs	September 4, 2007(5)
Latest date for despatch of cheques/issue of Loan Notes and settlement through CREST	within 14 days of the Effective Date

Notes:

(1) If the blue Form of Proxy for use at the Court Meeting is not returned by 11 a.m. on July 29, 2007, it may be handed to the Registrars or to the Chairman of the Court Meeting before the start of the Court Meeting.

(2) Please see Action to be taken on pages 7 9.

(3) If either the Court Meeting or the EGM is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6:00 p.m. on the day falling two days before the day of the adjourned meeting.

(4) To commence at 11:15 a.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.

(5) These times and dates are indicative only and will depend, among other things, on the dates upon which the Regulatory Approvals are obtained and the Court sanctions the Scheme and confirms the Reduction of Capital.

The Court Meeting and the Extraordinary General Meeting will both be held at The Royal Aeronautical Society, 4 Hamilton Place, Mayfair, London W1J 7BQ on Tuesday, July 31, 2007.

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FOR FURTHER INFORMATION

Helplines are available between 9:00 a.m. and 5:30 p.m. local time on any Business Day:

For Hanson Shareholders:	0800 174 350 (or +44 1903 276 345 if calling from outside the UK)
For ADS holders:	1-877-248-4237 (or +1 781 575 4555 if calling from outside the US)
For CDI holders:	1800 882 619 (or +61 2 8280 7928 if calling from outside Australia)

These helplines will be unable to give advice on the merits of the Proposals or the Loan Note Alternative or provide any personal, legal, financial or taxation advice.

This document is available on Hanson s website until December 31, 2007 at www.hanson.com

TO VOTE ON THE PROPOSALS

Whether or not you plan to attend the Meetings, Hanson Shareholders should either:

Complete and return to the Registrars the BLUE Form of Proxy, so as to be received by no later than 11:00 a.m. on July 29, 2007; and

Complete and return to the Registrars the WHITE Form of Proxy, so as to be received by no later than 11:15 a.m. on July 29, 2007; or

Follow the electronic voting procedures explained on page 7.
ADS Holders should:

Complete and return the WHITE Form of Instruction in respect of the ADSs to the ADS Depositary so as to be received by no later than 10:00 a.m. (New York time) on July 24, 2007.

CDI Holders should:
Complete and return the WHITE Form of Instruction in respect of the CDIs to the CDI Registrar, so as to be received by no later than 5:00 p.m. (Australian Eastern Standard time) on July 26, 2007.

RETURN OF VOTING INSTRUCTIONS

Hanson Shareholders:	Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA United Kingdom
ADS Holders:	Citibank Shareholder Services P.O. Box 43099 Providence RI 02940-5000 United States of America
CDI Holders:	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia

The completion and return of the Forms of Proxy or Form of Instruction will not prevent you from attending and voting at the Court Meeting or the EGM, or any adjournment thereof, in person should you wish to so do and are so entitled.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF HANSON SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR FORM OF INSTRUCTION AS SOON AS POSSIBLE.

This page should be read in conjunction with the ACTION TO BE TAKEN set out on pages 7-9 of this document, and the rest of the document.

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ACTION TO BE TAKEN

The Court Meeting and the EGM will be held at The Royal Aeronautical Society, 4 Hamilton Place, Mayfair, London W1J 7BQ on July 31, 2007 at 11:00 a.m. and 11.15 a.m. respectively (or, in the case of the EGM, if later, as soon as the Court Meeting has been concluded or adjourned). The Scheme requires approval at both of these Meetings.

Please check that you have received the following with this document:
For Hanson Shareholders:

a blue Form of Proxy for use in respect of the Court Meeting;

a white Form of Proxy for use in respect of the EGM; and

(if applicable) a green Loan Note Form of Election for use in respect of the Loan Note Alternative.
For ADS Holders:

a white Form of Instruction to the ADS Depositary in respect of ADSs.
For CDI Holders:

a white Form of Instruction to the CDI Registrar in respect of CDIs.
If you have not received all of the relevant documents, please contact Lloyds TSB Registrars in the case of Hanson Shareholders, Citibank Shareholder Services in the case of ADS Holders and Link Market Services Limited, in the case of CDI Holders on the helpline telephone numbers indicated below.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF HANSON SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR FORM OF INSTRUCTION AS SOON AS POSSIBLE.

Whether or not you plan to attend the Meetings, please appoint a proxy by (a) completing the Forms of Proxy (see below), (b) completing the forms of proxy online at www.sharevote.co.uk following the instructions on the website (The personal reference number, card ID and account number printed on the Forms of Proxy will be required) or (c) using a proxy appointment through CREST (see below). This will enable your votes to be counted at the Meetings in the event of your absence. The completion and return of a Form of Proxy or Form of Instruction will not prevent you from attending and voting at the Court Meeting or the EGM, or any adjournment thereof, in person should you wish to do so and are so entitled.

To vote on the Proposals using the Forms of Proxy:
Hanson Shareholders will find enclosed with this document a blue Form of Proxy and a white Form of Proxy. The blue Form of Proxy is to be used in connection with the Court Meeting and the white Form of Proxy is to be used in connection with the EGM. Whether or not you intend to attend these meetings, please complete and sign both Forms of Proxy and return them in accordance with the instructions printed on the forms by post or (during normal business hours only) by hand to the Company s Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA so as to arrive as soon as possible but in any event so as to be received by no later than 11:00 a.m. on July 29, 2007, in the case of the Court Meeting (blue form), and by no later than 11:15 a.m. on July 29, 2007, in the case of the EGM (white form).

If the blue Form of Proxy relating to the Court Meeting is not returned by or lodged by 11:00 a.m. on July 29, 2007, it may be handed to the Registrars or to the Chairman of the Court Meeting before the start of the Court Meeting. However, in the case of the EGM, if the white Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid.

To vote on the Proposals using a proxy appointment through CREST:
Hanson Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment thereof by using the CREST electronic proxy appointment

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service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a ***CREST Proxy Instruction***) must be properly authenticated in accordance with CRESTCo s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID 7RA01) at least 48 hours prior to the Court Meeting or EGM, as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this section, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the UK Uncertificated Securities Regulations 2001.

To make an election in respect of the Loan Note Alternative:
If you are eligible to so do and wish to make an election under the Loan Note Alternative, notes on completing the green Loan Note Form of Election are set out in Part IX of this document and on the green Loan Note Form of Election. Hanson Shareholders (other than Restricted Overseas Persons or US Holders) who wish to make an election under the Loan Note Alternative are requested to complete the enclosed green Loan Note Form of Election in accordance with the instructions printed thereon and return such Loan Note Form of Election at the same time that they return their Forms of Proxy and must, in any event, return their Loan Note Form of Election to the Receiving Agent, Lloyd s TSB Registrars at Princess House, 1 Suffolk Lane, London, EC4R 0AX as soon as possible but, in any event, so as to be received by no later than 6:00 p.m. on July 31, 2007.

To make an election in respect of the Loan Note Alternative through CREST:
If you are an uncertificated shareholder and wish to elect to receive Loan Notes instead of cash in respect of your holding of Scheme Shares, you will need to take certain actions within CREST. Please refer to Part IX of this document for further details on the action you should take.

To vote on the Proposals if you are an ADS Holder:
ADS Holders will not be entitled to attend the Court Meeting or the EGM or to be present at the Court Hearing. However, ADS Holders may instruct the ADS Depositary how to vote at the Court Meeting and/or the EGM in respect of the Hanson Shares underlying their Hanson ADSs. The ADS Depositary will endeavour, insofar as is practicable, to vote, or cause to be voted, at the Court Meeting and the EGM, the number of Hanson Shares represented by such ADSs in accordance with the instructions of the ADS Holders.

The ADS voting record time, the Scheme Record Time, the time and date of the Court Meeting and EGM and the anticipated date of the Court Hearings appear on page 33 of this document.

Registered ADS Holders, as at the ADS voting record time, may sign and complete an ADS Form of Instruction in accordance with the instructions printed thereon which should be returned by mail to Citibank Shareholder Services, P.O. Box 43099, Providence RI, 02940-5000 as soon as possible

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and, in any event, so as to be received no later than 10:00 a.m. (New York time) on July 24, 2007. ADS Holders, who hold ADSs indirectly, must rely on the procedures of their bank, broker, financial institution or share plan administrator through which they hold their ADSs if they wish their voting instructions to be reflected on an ADS Form of Instruction and received by the ADS Depositary by this deadline.

The Deposit Agreement provides that the ADS Depositary shall not vote the Hanson Shares underlying the ADSs except in accordance with written instructions from the ADS Holder. If the ADS Depositary fails to receive a Form of Instruction from a registered ADS Holder prior to the deadline set out in the preceding paragraph, then the ADS Depositary will not vote the Hanson Shares underlying the ADSs of such ADS Holder and, accordingly, such shares will not be represented and will not be voted at the Court Meeting or the EGM.

ADS Holders may only vote in person at the Court Meeting or EGM if they become a registered holder of Hanson Shares by arranging for the surrender of their ADSs and delivery of Hanson Shares in accordance with the terms and conditions of the Deposit Agreement so as to become registered holders of Hanson Shares prior to the Voting Record Time. Further details are set out in Part IV of this document.

To vote on the Proposals if you are a CDI Holder

CDI Holders will not be entitled to attend the Court Meeting or the EGM or be present at the Court Hearing. However, CDI Holders may instruct the CDI Registrar to instruct the CDI Depositary how to vote at the Court Meeting and/or EGM in respect of the Hanson Shares underlying the CDIs. The CDI Registrar will endeavour, insofar as is practicable, to vote or cause to be voted, at the Court Meeting and the EGM, the number of Hanson Shares represented by such CDIs in accordance with the instructions of the CDI Holders.

CDI Holders should complete the enclosed Form of Instruction in accordance with the accompanying instructions, and return it to the CDI Registrar who will instruct the CDI Depositary how to vote on their behalf at the Court Meeting and the EGM. The Form of Instruction must be returned to the CDI Registrar at the address shown on page 6 of this document by 5:00 p.m. (Australian Eastern Standard time) on July 26, 2007.

The CDI Depositary will not vote the Hanson Shares underlying CDIs except in accordance with written instructions from the CDI Holder. If the CDI Registrar fails to receive a Form of Instruction from a CDI Holder prior to the deadline set out in the preceding paragraph, then the CDI Registrar will not instruct the CDI Depositary how to vote the Hanson Shares underlying the CDIs of such CDI Holder and, accordingly, such shares will not be represented and will not be voted at the Court Meeting or the EGM.

CDI Holders may only vote in person at the Court Meeting or EGM if they become a registered holder of such Hanson Shares by arranging for conversion of their CDIs into a holding of the underlying Hanson Shares. Further details are set out in Part V of this document.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, the Loan Note Form of Election or the Forms of Instruction, helplines are available between 9.00 a.m. and 5.30 p.m. (local time) on any Business Day:

For Hanson Shareholders:	0800 174 350 (or +44 19 03 276 345 if calling from outside the UK)
For ADS Holders:	1-877-248-4237 (or +1 781 575 4555 if calling from outside the US)
For CDI Holders:	1800 882 619 (or +61 2 8280 7928 if calling from outside Australia)

Please note that calls to these numbers may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the merits of the Proposals or the Loan Note Alternative or give any personal, legal, financial or tax advice.

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PART I

LETTER FROM THE CHAIRMAN OF HANSON

Directors:
Mike Welton *(Chairman)*
Alan Murray *(Chief Executive)*
Pavi Binning *(Finance Director)*
Graham Dransfield *(Legal Director)*
Jim Leng *(Senior Non-executive Director)*
Frank Blount *(Non-executive Director)*
John Brady *(Non-executive Director)*
Sam Laidlaw *(Non-executive Director)*
The Baroness Noakes DBE *(Non-executive Director)*

Hanson PLC
Head office:
1 Grosvenor Place
London
SW1X 7JH

June 25, 2007

To Hanson Shareholders, ADS Holders and CDI Holders and, for information purposes only, holders of options or awards under the Hanson Share Schemes

Dear Hanson Shareholder, ADS Holder and CDI Holder,

RECOMMENDED ACQUISITION OF HANSON PLC BY LEHIGH UK LIMITED, A WHOLLY OWNED DIRECT SUBSIDIARY OF HEIDELBERGCEMENT AG

1. Introduction

On May 15, 2007, Hanson and HeidelbergCement announced that they had reached agreement on the terms of the recommended acquisition of the entire issued and to be issued share capital of Hanson at a price of 1100 pence in cash for each Hanson Share.

The purposes of this letter are:

(a) to explain the background to and terms of the Proposals; and

(b) to explain why the Board is unanimously recommending that Hanson Shareholders, ADS Holders and CDI Holders should vote in favour of the Scheme and the resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting to be held at The Royal Aeronautical Society, 4 Hamilton Place, Mayfair, London W1J 7BQ at 11:00 a.m. and 11:15 a.m. respectively on Tuesday July 31, 2007.

Paragraph 8 of Part XI sets out the bases and sources of certain of the information contained in the Scheme Document.

2. Summary of the terms of the Proposals

It is intended that the Proposals will be implemented by way of a Court approved procedure known as a scheme of arrangement (and referred to in this document as the ***Scheme***). Under the terms of the Scheme, (and subject to the further terms and conditions set out in Part XII of this document) it is proposed that Hanson Shareholders at the Scheme Record Time will receive (subject to elections made under the Loan Note Alternative):

for each Scheme Share   1100 pence in cash

This represents a price of 5500 pence in cash for each ADS and of 1100 pence in cash for each CDI.

Hanson PLC is a public limited company
Registered in England No 4626078
Registered office: 1 Grosvenor Place

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The terms of the Proposals value the entire existing issued and to be issued ordinary share capital of Hanson at approximately £8 billion and represent:

a premium of approximately 50 per cent. to the average closing mid-market price of 734 pence per Hanson Share for the twelve months ended May 2, 2007, being the last business day prior to the announcement by HeidelbergCement that it was reviewing its options with respect to its interest in Hanson, including the possibility of seeking to acquire the Company;

a premium of approximately 34 per cent. to the average closing mid-market price of 820 pence per Hanson Share for the three months ended May 2, 2007; and

a premium of approximately 29 per cent. to the closing mid-market price of 852 pence per Hanson Share on May 2, 2007.

The Scheme requires the approval of Hanson Shareholders at the Court Meeting to be held at 11 a.m., and at the EGM to be held at 11:15 a.m., both such meetings to be held on July 31, 2007.

If the Scheme becomes effective it will be binding on all Hanson Shareholders (including, in effect, ADS Holders and CDI Holders). Subject to elections made under the Loan Note Alternative, a payment of 1100 pence in cash per Scheme Share will be despatched or, where appropriate, credited through CREST to Hanson Shareholders within 14 days of the Effective Date.

If the Scheme becomes effective, the Scheme Shares will be cancelled or transferred to Lehigh irrespective of whether or not you attend or vote and, if you have voted, whether you have voted for or against the Scheme at the Meetings. Although ADS Holders and CDI Holders will not be entitled to attend the Court Meeting or the EGM, they will be given the opportunity to instruct the ADS Depositary or CDI Registrar (who will instruct the CDI Depositary) as to how to vote the Hanson Shares underlying their respective securities. If the Scheme becomes effective, it will also be binding on the ADS Depositary and CDI Depositary in respect of the Hanson Shares underlying the ADSs and CDIs respectively, irrespective of how ADS Holders or CDI Holders instructed the ADS Depositary or CDI Registrar to vote at the Meetings.

Prior to the Scheme becoming effective, applications will be made to the UK Listing Authority for the listing of Hanson Shares to be cancelled and to the London Stock Exchange for Hanson Shares to cease to be admitted to trading on the London Stock Exchange s market for listed securities, in each case, as of three Business Days after the Effective Date.

Hanson will apply to the New York Stock Exchange to delist the ADSs from the New York Stock Exchange as of or shortly following the Effective Date. Similarly, Hanson will apply to the ASX for the termination of the quotation of the CDIs and to remove Hanson from the official list of the ASX as at or shortly following the Effective Date.

Since it is anticipated that the Proposals will be completed in the third quarter of 2007, Hanson does not intend to pay an interim dividend.

3. Loan Note Alternative

As an alternative to some or all of the cash consideration which would otherwise be receivable under the Scheme, Hanson Shareholders (other than Restricted Overseas Persons and US Holders), will be able to elect to receive Loan Notes to be issued by Lehigh on the following basis:

for each Scheme Share   £11 nominal value of Loan Notes

(and accordingly for each £1 of cash otherwise available, £1 of nominal value of Loan Notes).

Lehigh reserves the right not to issue any Loan Notes if valid elections are received for an aggregate of less than £40,000,000 in nominal value of Loan Notes. If insufficient elections are received, Hanson Shareholders who elected to receive Loan Notes will instead receive cash consideration in accordance with the terms of the Proposals.

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The Loan Notes will be guaranteed by HeidelbergCement. Further details of the Loan Note Alternative are included in Part IX of this document.

Under the Scheme, Restricted Overseas Persons and US Holders will only be eligible to receive the cash consideration and will not be eligible to elect to receive Loan Notes as consideration pursuant to the Loan Note Alternative.

4. Background to and reasons for the recommendation of the Proposals

The offer to Hanson Shareholders by HeidelbergCement represents a premium of 29 per cent. to the closing mid-market price of 852 pence per Hanson Share on May 2, 2007, the day before HeidelbergCement announced that it was reviewing its options with respect to Hanson, including the possibility of seeking to acquire the Company. The HeidelbergCement offer represents a multiple of more than 12 times Hanson s EBITDA for 2006, which would be the highest multiple ever paid for a major transaction in Hanson s sector.

Before recommending the Proposals, the Hanson Board considered a range of other options for maximising shareholder value and decided that the Proposals were in the best interests of Shareholders.

5. Management, employees and locations

HeidelbergCement has confirmed that it attaches great importance to the skills and experience of the existing management and employees of Hanson. HeidelbergCement expects that Hanson employees and management will continue to play an important role in the combined group and will benefit fully from the opportunities afforded by the enlarged organisation.

HeidelbergCement has given assurances to the Hanson Board that existing employment rights, including pension rights of the employees of Hanson, will be fully safeguarded upon completion of the acquisition of Hanson.

HeidelbergCement has also confirmed that its plans do not involve any material change to the conditions of employment of Hanson s employees and any restructuring or disposals are expected to be limited given the complementary nature of HeidelbergCement s and Hanson s businesses. The HeidelbergCement board will review the combined group s needs as regards corporate and operational headquarters, which may impact on the present location of certain of HeidelbergCement s and Hanson s operations. However, it is currently intended that the combined group will be headquartered in Heidelberg, Germany.

The Board welcomes the assurances of Lehigh that its plans do not involve any material change in the conditions of employment of Hanson employees. The Board has received assurances from HeidelbergCement that the existing employment rights, including pension rights of the employees of Hanson, will be fully safeguarded upon completion of the Proposals. However, there may be some changes in relation to the corporate and operational headquarters, and this is to be expected in the context of the Proposals.

6. Hanson Share Schemes

Information relating to the effect of the Scheme on holders of options and awards granted under the Hanson Share Schemes is set out in paragraph 12 of the Explanatory Statement in Part III of this document. Participants in the Hanson Share Schemes will shortly receive further details of the action they can take in respect of their options and awards.

7. Directors interests

HeidelbergCement intends to offer Alan Murray, Chief Executive of Hanson, a position on HeidelbergCement s management board. His ongoing role is likely to include responsibility for the North American and Australian operations.

HeidelbergCement also intends to offer Mike Welton, Chairman of Hanson, a position on its supervisory board.

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The material interests of the Hanson Directors in Hanson Shares are set out in paragraph 4 of Part XI of this document. Details of the Hanson Directors   service contracts (including a summary of the termination provisions) are set out in paragraph 5 of Part XI of this document and details of the impact of the Proposals on the outstanding options and awards granted under the Hanson Share Schemes are set out in paragraph 12 of Part III of this document. Save as referred to in this paragraph 7, the effect of the Scheme on the interests of the Hanson Directors does not differ from its effect on the like interests of any other person.

8. Implementation Agreement

HeidelbergCement, Hanson and Lehigh entered into the Implementation Agreement which provides, *inter alia*, for the implementation of the Scheme and contains assurances and confirmations between the parties, including provisions to implement the Scheme on a timely basis and governing the conduct of the business of Hanson.

Hanson has agreed to pay HeidelbergCement an inducement fee of £78,700,000 if (a) an Alternative Proposal is announced (for the purposes of Rule 2.5 of the Code or equivalent) and (b) following such announcement, the Scheme is not proposed or made or it lapses or is withdrawn; and (c) such Alternative Proposal becomes wholly unconditional.

Further details of the Implementation Agreement are set out in paragraph 14 of Part III of this document.

9. Overseas shareholders

The implications of the Scheme for Hanson Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirement of their jurisdiction. If you remain in any doubt, you should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

The Loan Note Alternative will not be available to Restricted Overseas Persons or US Holders and, consequently such persons will not be eligible to receive Loan Notes.

Under the terms of the Proposals, Lehigh has reserved the right to make an Offer for Hanson as an alternative to a scheme of arrangement. If Lehigh exercises its right to implement the Proposals by means of the Offer, the Offer will be made in compliance with applicable laws and regulations.

10. Action to be taken by Hanson Shareholders

Please see pages 7 9 for the action to be taken by Hanson Shareholders, ADS Holders and CDI Holders.

11. Questions and Answers

We have included a Q&A section in Part II of this document which sets out some questions and answers concerning the Proposals In addition to this, please see Part III of this document, the Explanatory Statement, for guidance. You are advised, nevertheless, to read the whole of the Scheme Document and not to rely solely on Parts II and III of this document.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, the Loan Note Form of Election or the Form of Instruction, helplines are available. Please see page 6 for details.

Please note that calls to the helpline number may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the merits of the Proposals or the Loan Note Alternative or give any personal, legal, financial or tax advice.

12. Recommendation

The Hanson Directors, who have been so advised by Rothschild, consider the terms of the Proposals to be fair and reasonable. In providing its advice, Rothschild has taken into account the commercial assessments of the Hanson Directors of the Proposals. Accordingly, the Hanson Directors unanimously recommend that Hanson Shareholders vote, and that ADS Holders and CDI Holders instruct the ADS Depositary and CDI Registrar (who will instruct the CDI Depositary) respectively to vote, in favour of the Scheme as the Hanson Directors have undertaken to so do in

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respect of their own beneficial holdings of Hanson Shares and any other Hanson Shares in which they are treated as being interested (such as those held by members of their family), representing approximately 0.1 per cent. of the existing issued share capital of Hanson as at June 21, 2007 (being the last practicable date prior to the publication of this document). The Hanson Directors have provided Lehigh with irrevocable undertakings to this effect.

Yours sincerely,

Mike Welton
Chairman

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PART II

SOME SHAREHOLDER QUESTIONS AND ANSWERS

This Part II is designed to assist your understanding of the Proposals. The contents of this Part II cannot be relied upon solely for a full and proper understanding of the Proposals. You are advised to read the whole of this document.

1. What will be the effect of the acquisition on my shares?
If the acquisition is completed, Lehigh UK Limited (***Lehigh***) will pay you 1100 pence for each of your Hanson Shares. You will either receive cash consideration or, if you so elect (and you are so eligible), Loan Notes, or subject to certain restrictions a combination of cash consideration and Loan Notes.

2. When will the acquisition be completed?
Subject to receipt of the Regulatory Approvals it is expected that Lehigh and Hanson will make an announcement to a Regulatory Information Service confirming the acquisition has been completed on August 24, 2007.

3. Who is Lehigh UK Limited?
Lehigh is a UK resident, wholly-owned direct subsidiary of HeidelbergCement. For further information on Lehigh, please see Part XI of this document.

4. Do I need to vote?
Your vote is important. In particular, the Court needs to be satisfied that there is a fair representation of the opinion of Hanson Shareholders at the Court Meeting.

Hanson Shareholders are therefore urged to complete, sign and return BOTH Forms of Proxy as soon as possible. This will not preclude Hanson Shareholders from attending the Meetings in person. The blue Form of Proxy is for the Court Meeting and the white Form of Proxy is for the Extraordinary General Meeting. For further information see pages 7-9 of this document.
ADS Holders should instruct the ADS Depositary to vote on the Scheme on their behalf. To do so, they are urged to complete, sign and return their Form of Instruction by 10:00 a.m. (New York time) on July 24, 2007 to instruct the ADS Depositary to exercise the vote in respect of the underlying Hanson Shares. For further information see Part IV of this document.

CDI Holders should instruct the CDI Registrar who, in turn, will instruct the CDI Depositary to vote on the Scheme on their behalf. To do so, they are urged to complete, sign and return their Form of Instruction by 5:00 p.m. (Australian Eastern Standard time) on July 26, 2007 to instruct the CDI Depositary to exercise the vote in respect of the underlying Hanson Shares. For further information see Part V of this document.

5. Will I get shares in HeidelbergCement?
No, you will not receive shares in HeidelbergCement.

6. When and how will I receive my sale consideration?
Once the acquisition of your shares is completed, you will either receive cash consideration, Loan Notes or a combination of both. If you elect to receive any cash consideration, you will receive this (in the form of either a cheque or through the CREST system) from Lehigh within 14 days of the Effective Date. For further information see paragraph 17 of Part III of this document.

ADS Holders and CDI Holders should refer to Parts IV and V respectively of this document.

If you elect for the Loan Note Alternative, Loan Note certificates will be issued to you by Lehigh within 14 days of the Effective Date. Restricted Overseas Persons and US Holders are only entitled to cash consideration.

7. Do I need to send in my Hanson Share certificate in respect of my existing Hanson Shares?
If you hold your Hanson Shares in certificated form and only wish to receive cash consideration, you do **not** need to send in your Hanson Share certificates. As a result of the Scheme, the

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Hanson Shares represented by your Hanson Share certificate will be cancelled and your Hanson Share certificates will no longer be valid. However, if you wish to elect to receive Loan Notes, you will need to provide your share certificates with the Loan Note Form of Election.

8. What happens if I have lost my Hanson Share certificates in respect of my existing Hanson Shares?
This is only relevant if you elect for the Loan Note Alternative in which case, you should notify the Receiving Agent, Lloyds TSB Registrars, by completing Box E of the Loan Note Form of Election.

9. What will be the interest rate payable on the Loan Notes?
Interest will be paid on the Loan Notes at a rate of 0.5 per cent. below six month LIBOR. For further information see paragraph 7 of Part III of this document.

10. When will interest be payable on the Loan Notes?
The first payment of interest will be paid on December 31, 2007. Interest will be paid (subject to any requirement to deduct tax therefrom) on the outstanding Loan Notes in arrears every six months on June 30 and December 31 until December 31, 2011. For further information see Part VIII of this document.

11. Why can t I elect to receive Loan Notes if I am a Restricted Overseas Person or US Holder?
There are some significant restrictions on the ability of Lehigh to offer Loan Notes to Hanson Shareholders outside the UK. Your ability to receive Loan Notes will depend on the laws of the jurisdiction where you reside. In any event, the reasons why the Loan Notes may be attractive to UK Hanson Shareholders not apply who ordinarily reside outside the UK. **You should consult an appropriate independent professional financial adviser immediately to discuss the reasons why you may or may not wish to elect to receive Loan Notes.**

12. What if I am resident outside of the United Kingdom?
If you are resident outside of the UK, or a national or citizen of a jurisdiction outside of the UK, you should read paragraph 19 of Part III of this document.

ADS Holders and CDI Holders should also refer to Parts IV and V of this document, respectively.

13. Will Hanson still pay an interim dividend in September?
No. If the acquisition is completed, Hanson will not pay an interim dividend for 2007.

14. What are the taxation consequences of these Proposals?
The tax consequences of the Proposals will depend on your individual circumstances and whether or not you elect to receive Loan Notes. Certain aspects of the expected tax consequences for Hanson Shareholders who are resident for tax purposes in the UK, the US or Australia are set out in Part X of this document. **You should consult an appropriate independent professional financial adviser immediately to discuss the taxation consequences of accepting the Proposals.**

15. What if I hold Hanson Shares in a PEP or ISA?
Your PEP/ISA manager should notify you how the Proposals affect your PEP/ISA. If you require further details, you should contact your PEP/ISA manager accordingly.

16. What if I participate in a Hanson Share Scheme?
You will be written to separately with respect to your options and/or awards. See paragraph 12 of Part III of this document.

17. What if I have further questions?
Please call one of the helplines set out over the page. For legal reasons, the helplines will not provide advice on the merits of the Proposals or give any financial or tax advice. For financial or tax advice, you will need to consult an appropriate independent professional financial adviser.

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FOR FURTHER INFORMATION

Helplines are available between 9:00 a.m. and 5:30 p.m. (local time) on any Business Day:

For Hanson Shareholders: **0800 174 350** (or **+44 1903 276 345** if calling from outside the UK)
For ADS Holders: **1-877-248-4237** (or **+1 781 575 4555** if calling from outside the US)
For CDI Holders: **1800 882 619** (or **+61 2 8280 7928** if calling from outside Australia)

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PART III

EXPLANATORY STATEMENT

(in compliance with section 426 of the UK Companies Act 1985)

N M Rothschild
New Court
St. Swithin s Lane
London EC4P 4DU

Dear Hanson Shareholder, ADS Holders and CDI Holders and, for information purposes only, holders of options or awards under the Hanson Share Schemes

1. Introduction

On May 15, 2007, the boards of directors of Lehigh, a wholly-owned direct subsidiary of HeidelbergCement, and Hanson announced that they had reached agreement on the terms of a recommended cash acquisition by Lehigh of Hanson. The acquisition is to be effected by means of a scheme of arrangement under section 425 of the UK Companies Act 1985, which requires the approval of Hanson Shareholders and the sanction of the Court. The proposed Scheme involves a reduction of capital for which Shareholder consent and the confirmation of the Court will also be required.

Your attention is drawn to the letter from Mike Welton, the Chairman of Hanson, set out in Part I of this document, which, together with Parts III to XV inclusive of this document, form part of this explanatory statement. That letter contains, *inter alia*, the unanimous recommendation by the Hanson Directors to Hanson Shareholders, ADS Holders and CDI Holders to vote in favour of the resolutions to approve and implement the Scheme to be proposed at the Court Meeting and the EGM.

The terms of the Scheme are set out in full in Part XII of this document. Your attention is also drawn to the conditions to the Scheme set out in Part VI below, the information relating to the Loan Note Alternative set out in Parts VIII and IX below, the information on Taxation in Part X below, as well as the Additional Information set out in Part XI to this document. ADS Holders and CDI Holders are also recommended to read the information in Parts IV and V respectively of this document.

2. The Proposals

In accordance with the terms of the Scheme, Hanson Shareholders will receive, subject to valid elections made under the Loan Note Alternative:

for each Scheme Share	**1100 pence in cash**

This represents a price of 5500 pence in cash for each ADS and of 1100 pence in cash for each CDI.

The terms of the Proposals value the entire existing issued and to be issued ordinary share capital of Hanson at approximately £8 billion and represent:

a premium of approximately 50 per cent. to the average closing mid-market price of 734 pence per Hanson Share for the twelve months ended May 2, 2007, being the last Business Day prior to the announcement by HeidelbergCement that it was reviewing its options with respect to its interest in Hanson, including the possibility of seeking to acquire the Company;

a premium of approximately 34 per cent. to the average closing mid-market price of 820 pence per Hanson Share for the three months ended May 2, 2007; and

a premium of approximately 29 per cent. to the closing mid-market price of 852 pence per Hanson Share on May 2, 2007.

If the Scheme becomes effective, subject to valid elections made under the Loan Note Alternative, a payment of 1100 pence in cash per Scheme Share will be despatched or, where appropriate, credited through CREST to Hanson Shareholders within 14 days of the Effective Date.

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As it is expected that the Proposals will complete in the third quarter of 2007, Hanson does not intend to pay an interim dividend.

3. Recommendation

The Hanson Directors, who have been so advised by Rothschild, consider the terms of the Proposals to be fair and reasonable. In providing its advice, Rothschild has taken into account the commercial assessment of the Hanson Directors. Accordingly, the Hanson Directors unanimously recommend that Hanson Shareholders vote, and that ADS Holders and CDI Holders instruct the ADS Depositary and CDI Registrar (who will instruct the CDI Depositary) respectively to vote, in favour of the Scheme as they have undertaken to do in respect of their own beneficial holdings of Hanson Shares and any other Hanson Shares in which they are treated as being interested (such as members of the family), representing approximately 0.1 per cent. of the existing issued share capital of Hanson as at June 21, 2007 (being the last practicable date prior to publication of the document).

4. Background to and reasons for the Proposals

HeidelbergCement has stated that a combination of HeidelbergCement and Hanson has clear strategic rationale, with the potential for significant value creation. The industry, internationally, has continued to consolidate, with Cemex currently seeking to complete the acquisition of Rinker. HeidelbergCement intends to participate in this consolidation to maintain its global position.

In the opinion of HeidelbergCement, the combination of HeidelbergCement and Hanson is strategically compelling, creating a strong, market leading, global building materials group, benefiting from:

- leading worldwide positions in key product areas, including being the largest producer of aggregates, the second largest producer of ready-mixed concrete, and the fourth largest producer of cement;
- combined proforma revenues of approximately 15 billion and over 70,000 employees;
- diversification across products and geographies;
- increased vertical integration in many markets around the world; and
- strong building products businesses, particularly in North America and the UK.

HeidelbergCement believes the combination creates an opportunity to deliver synergies through the combined group, prior to any one-off expenses, of approximately 1.4 per cent. of the combined group s sales.

5. Information on HeidelbergCement

HeidelbergCement is one of the leading producers of building materials worldwide, with its core products being cement, ready-mixed concrete and concrete products, aggregates, building materials and related activities. The HeidelbergCement Group employs around 46,000 people in more than 50 countries and generated revenues in excess of 9 billion in 2006.

North American operations have a leading role in the revenue of the HeidelbergCement Group, with additional imports from other regions to meet demand. HeidelbergCement has market leading positions in cement across Europe and Central Asia. It is also active in building materials markets in India, China, Indonesia and Africa.

For the financial years ending December 31, 2005 and 2006, HeidelbergCement reported (all on a consolidated basis) revenues of 7,802,572,000 and 9,233,751,000 respectively and profit before tax of 771,504,000 and 1,438,748,000 respectively. As at December 31, 2006, HeidelbergCement reported total consolidated shareholder funds (including minority interests) of 5,827,922,000.

In the first quarter of 2007, turnover rose by 18.1 per cent. in comparison with the previous year to 2,060 million (previous year: 1,744 million). The Eastern European countries, Norway, Germany, Turkey and maxit Group made particularly significant contributions to this rise. In North America, turnover fell noticeably as a result of the decline in residential construction and the adverse weather conditions. Excluding exchange rate and consolidation effects, HeidelbergCement Group turnover grew by 20.3 per cent.

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Operating income before depreciation (OIBD) for the first quarter of 2007 improved by 49% to 283 million (previous year: 190 million); an even stronger increase was recorded in operating income, which rose by 149 per cent. to 159 million (previous year: 64 million). The highest growth in results was achieved in Europe-Central Asia, followed by Asia and maxit Group, while North America s operating income weakened.

The profit for the first quarter of 2007 improved to 119.1 million (previous year: 37.0 million). The HeidelbergCement Group share in profit more than trebled in comparison with the same quarter of the previous year, reaching 108.9 million (previous year: 29.3 million).

The strong start to the year in the first quarter has reinforced HeidelbergCement s confidence in achieving its objectives in 2007. These include a focus on internal growth, consistent cost management and strategic investments to expand its international position. Measures initiated to expand capacities in growing markets such as India, China, Russia, Kazakhstan and Georgia are also expected to help HeidelbergCement achieve its aims. Some risks are seen from the development of the US property market, US dollar exchange rate, energy prices and from seasonal effects in the fourth quarter, however HeidelbergCement remains confident of the strength of the global economy, and sees high impetus from European and Asian markets together with stable development in North America. As a result, in the view of the HeidelbergCement Directors, the financial and trading prospects of HeidelbergCement are in line with expectations.

6. Irrevocable undertakings and interests of the Heidelberg Group

Lehigh has received irrevocable undertakings from the Hanson Directors to vote in favour of the resolutions to be proposed at the Court Meeting and EGM to approve and implement the Scheme in respect of 700,926 Hanson Shares, representing approximately 0.1 per cent. of the existing issued ordinary share capital of Hanson as at June 21, 2007 (being the last practicable date prior to the publication of the document). These undertakings are in respect of both their entire beneficial holdings of Hanson Shares and any other Hanson Shares in which they are treated as being interested (such as those held by members of their family). These undertakings will cease to have any effect if the Scheme is withdrawn or otherwise lapses. Part XI of this document contains further details relating to these undertakings.

HeidelbergCement holds (together with Deutsche Bank Group, which holds Hanson Shares on behalf of HeidelbergCement) a total of 197,414,404 Hanson Shares (including Hanson Shares underlying ADSs which it holds), which it acquired between April 16, 2007 and May 17, 2007, in each case through purchases made on its behalf by Deutsche Bank Group. This represents approximately 27.6 per cent. of the total issued share capital of Hanson (excluding Treasury Shares held by Hanson).

7. The Loan Note Alternative

Hanson Shareholders (other than Restricted Overseas Persons and US Holders) will be entitled to elect, as an alternative to the cash consideration to which they would otherwise be entitled under the Scheme on a cancellation of the Cancellation Shares, to receive Loan Notes in exchange for the transfer to Lehigh of each Scheme Share which is the subject of a valid election under the Loan Note Alternative on the following basis:

for each Scheme Share	**£11 nominal value of Loan Notes**

(and accordingly for each £1 of cash otherwise available, £1 nominal value of Loan Notes).

The Loan Notes will be issued, credited as fully paid, in integral multiples of £1 nominal value by Lehigh. The Loan Notes, which will be governed by English law, will be unsecured obligations of Lehigh but will be guaranteed by HeidelbergCement.

Lehigh reserves the right not to issue any Loan Notes if valid elections are received for an aggregate of less than £40,000,000 in nominal value of Loan Notes. If insufficient elections are received, Hanson Shareholders who elected to receive Loan Notes will instead receive the cash consideration in accordance with the terms of the Proposals.

The Loan Notes will be redeemable at par value (together with accrued interest) at the option of the holders, in whole or in part, on Interest Payment Dates after the relevant Loan Notes have been in issue for six months. Any Loan Notes outstanding on December 31, 2011 will be redeemed at par (together with any accrued interest) on that date (or, if not a Business Day, on the first Business Day thereafter).

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In certain circumstances, the Loan Noteholders or Lehigh may elect to redeem the Loan Notes in Euros rather than pounds sterling.

The Loan Notes will bear interest from the date of issue payable to the relevant holder of Loan Notes every six months in arrears (less any tax required by law to be deducted or withheld therefrom) on each Interest Payment Date, in each year, at a rate per annum calculated to be six month LIBOR less 50 basis points as determined on the first Business Day of each such interest period. The first interest payment will fall due on December 31, 2007 and will be in respect of the period from (and including) the date of issue of the relevant Loan Note to (but excluding) December 31, 2007.

If, on or after December 31, 2009, less than £20,000,000 in aggregate value of the Loan Notes remain outstanding, Lehigh may elect to redeem all of the Loan Notes then outstanding.

No application will be made for any of the Loan Notes to be listed or dealt in on any stock exchange and they will not be transferable other than by a holder of Loan Notes to a spouse/civil partner, parent, child, or a family trust, or by a trustee who receives Loan Notes pursuant to exercise of options or the vesting of awards under any Hanson Share Scheme to the relevant beneficial owner of such Loan Notes.

The Loan Note Alternative will be conditional on the Scheme becoming effective. The Loan Notes will not be offered to Restricted Overseas Persons or US Holders.

Accordingly, if any Restricted Overseas Person or US Holders purports to make an election, in full or in part, pursuant to the Loan Note Alternative, then such Restricted Overseas Person or US Holder will be deemed to have elected to receive the cash consideration only and will only be entitled to receive the cash consideration pursuant to the Scheme.

A summary of the principal terms and conditions of the Loan Notes is set out in Part VIII of this document. Notes on completing the Loan Note Form of Election are set out in Part IX of this document and in the Loan Note Form of Election.

Deutsche Bank has advised that, based on market conditions, on June 21, 2007 (being the last practicable date prior to the publication of this document), the value of the Loan Notes (had they been in issue on that day) would have been not less than 98 pence per £1 in nominal value.

A summary of certain UK tax consequences for Hanson Shareholders who validly elect for the Loan Note Alternative is contained in Part X of this document.

8. Information on Lehigh

Lehigh, a UK resident, and wholly-owned, direct subsidiary of HeidelbergCement, is a holding company within the HeidelbergCement Group but has no trading activities other than in connection with the Proposals and the financing of the Proposals.

9. Information on Hanson and update on current trading

Financial Information

In the financial year ended December 31, 2006, Hanson reported group turnover of £4,132,700,000 (2005: £3,715,700,000) and profit before taxation of £480,800,000 (2005: £429,300,000). As at December 31, 2006, Hanson had consolidated net assets of £2,728,800,000 (2005: £2,672,300,000).

Current trading

Trading for the first half of 2007 remains in line with Hanson s expectations, as set out in Hanson s AGM statement made in the Annual General Meeting of the Company on April 24, 2007, with challenging conditions in North America and the impact of the weak US dollar broadly offset by improvements in other divisions.

In North America, aggregates selling prices have remained robust. However, the residential market remains difficult and, together with a prolonged winter season, will result in a challenging first half compared to an unusually strong first half of 2006.

In the UK, both divisions have performed well compared to the first half of 2006, supported by improved product volumes and price discipline.

Elsewhere, Hanson s operations in Australia, Asia and Continental Europe have enjoyed a good first half.

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At this stage, the Company expects continued weakness in the US residential market and adverse foreign exchange to impact the second half of the year, with trading in divisions elsewhere remaining robust.

Your attention is drawn to the financial information on Hanson set out in Part VII of this document.

10. Effect on management and employees
HeidelbergCement attaches great importance to the skills and experience of the existing management and employees of Hanson. HeidelbergCement expects that Hanson employees and management will continue to play an important role in the combined group and will benefit fully from the opportunities afforded by the enlarged organisation.

HeidelbergCement s plans do not involve any material change to the conditions of employment of Hanson s employees, and any restructuring or disposals are expected to be limited given the complementary nature of HeidelbergCement s and Hanson s businesses. The HeidelbergCement board will review the combined group s needs as regards corporate and operational headquarters, which may impact on the present location of certain of HeidelbergCement s and Hanson s operations. However, it is currently intended that the combined group will be headquartered in Heidelberg, Germany.

Details of the impact of the Proposals on the outstanding options and awards granted under the Hanson Share Schemes are set out in paragraph 12 below.

11. The Hanson Directors and the effect of the Scheme on their interests
HeidelbergCement intends to offer Alan Murray, Chief Executive of Hanson, a position on HeidelbergCement s management board. His ongoing role is likely to include responsibility for the North American and Australian operations.

HeidelbergCement also intends to offer Mike Welton, Chairman of Hanson, a position on its Supervisory Board.

Details of the interests of the Hanson Directors in the share capital of Hanson are set out in paragraph 4 of Part XI to this document. Hanson Shares held by the Hanson Directors will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Hanson Directors are set out in paragraph 5 of Part XI to this document. No amendments to the service contracts of the Executive Directors have been agreed in connection with the Scheme.

Save as referred to in this paragraph 11, the effect of the Scheme on the interests of the Hanson Directors does not differ from its effect on the like interests of any other person.

As described above, the Hanson Directors have given irrevocable undertakings to Lehigh to vote in favour of the Proposals in respect of their own beneficial holdings of 700,926 Hanson Shares which includes those shares in which they have an interest (such as those shares in the name of family members), representing, in aggregate, approximately 0.1 per cent. of Hanson s existing issued share capital as at June 21, 2007 (being the last practicable date prior to the publication of the document).

12. Hanson Share Schemes
Options and awards granted under the Hanson Share Schemes which are not already exercisable or vested will become exercisable or will vest on or shortly after the Court sanctions the Scheme. Letters will be sent to the participants in the Hanson Share Schemes explaining the effect of the Scheme on their share options and awards and, where applicable, their right to exercise share options or to receive Hanson Shares under awards.

All Hanson Shares issued or transferred on the exercise of options or vesting of awards under the Hanson Share Schemes before the Scheme Record Time will be subject to the terms of the Scheme. Outstanding options and awards under the Hanson Share Schemes which vest or are exercised after the Scheme Record Time are expected to be satisfied by the issue of Hanson Shares.

The Scheme will not extend to Hanson Shares issued after the Scheme Record Time. However, it is proposed to amend the articles of association of Hanson at the Extraordinary General Meeting to provide that, if the Scheme becomes effective, any Hanson Share issued or transferred to any person after the Scheme Record Time will, subject to that person first being permitted to transfer

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all or some of those Hanson Shares to his/her spouse or civil partner, be automatically transferred to Lehigh in consideration for the payment by Lehigh to such person or, where appropriate, their spouse or civil partner, of 1100 pence in cash for each Hanson Share so transferred. Consequently, participants in the Hanson Share Schemes who exercise any options or receive Hanson Shares under awards after the Effective Date of the Scheme are able to receive cash consideration in the same manner as Hanson Shareholders.

Holders of options and awards who elect to exercise their options, or whose awards vest, on or prior to the date falling six months after the Effective Date may elect prior to July 31, 2007 for the Loan Note Alternative in respect of the Hanson Shares so acquired as a result of such exercise or vesting. However, this is subject to the minimum take up requirement.

Full details of options and awards granted to the directors of Hanson under the Hanson Share Schemes are set out in paragraph 4 of Part XI of this document.

The Hanson Sharesave Scheme 1997 and Hanson Sharesave Scheme 2003 (together the *Hanson Sharesave Schemes*)
Options granted under the Hanson Sharesave Schemes will be exercisable for a period of six months following the Effective Date. These options will only be exercisable to the extent of savings made under the related savings contract at the time of exercise together with any accrued interest or bonus due.

Lehigh intends to offer compensation, on an ex gratia basis, to participants in the Hanson Sharesave Schemes who exercise their options in the six month period following the Effective Date in recognition of the early exercise of their options. The compensation payable will be equal, after deduction of income tax and employee s national insurance contributions, to the net gain (that is 1100 pence per Hanson Share minus the relevant exercise price) for each additional Hanson Share the participant would have received had they continued saving for an additional period of six months or, if shorter, until the maturity of their savings contract.

Options under the Hanson Sharesave Schemes will cease to be exercisable on the date falling six months after the Effective Date but participants may continue to hold their options and, subject to the rules of the Hanson Sharesave Schemes, exercise those options on the maturity of the related savings contract. Participants who choose to do this will not be entitled to the compensation payment described above.

The Hanson Executive Share Option Scheme 1997, The Hanson PLC Executive Share Option Plan 2001 and the Hanson Executive Share Option Plan 2003 (together the *Hanson Share Option Plans*)
Options granted under the Hanson Share Option Plans before 2005 are already exercisable. Any of these options granted under the 1997 scheme will be exercisable until the Effective Date, whilst the options granted under the 2001 and 2003 plans will remain exercisable, subject to the rules of those plans, until the tenth anniversary of the relevant option grant date.

Options granted under the 2003 plan in 2005 would normally be exercisable in March 2008. The number of Hanson Shares over which the options are exercisable is determined by the extent to which the applicable performance conditions are satisfied. 50% of an option is subject to a total shareholder return performance measure and 50% to an economic value added measure. These options will become exercisable immediately after the Effective Date to the extent that the performance conditions have been satisfied and, unless the Remuneration Committee of Hanson decides otherwise, subject to a time pro-rating reduction. The Remuneration Committee of Hanson has made an indicative decision that, taking into account the extent to which the relevant performance conditions have been achieved and after applying a time pro-rating reduction (assuming the Effective Date is August 24, 2007), options granted in 2005 will vest as to approximately 79 per cent. of the total number of Hanson Shares over which they are granted (approximately 425,785 Hanson Shares). The vesting level is subject to a further review of Hanson s performance by the Remuneration Committee shortly before the Effective Date.

HeidelbergCement has agreed with Hanson, as a term of the proposals to optionholders under the Hanson Share Option Plans, to make available to optionholders a cashless exercise facility such that the exercise price of options exercised in connection with the Proposals is funded out of the consideration payable for Hanson Shares acquired on the exercise of such options.

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The Hanson Long Term Incentive Plan 2003 and the Hanson Long Term Incentive Plan 2006 (together the *Hanson LTIPs*)
Outstanding awards under the Hanson LTIPs would normally vest in March 2008, May 2009 and March 2010. The number of Hanson Shares which may be released to participants on vesting of the awards is determined by the extent to which the applicable performance conditions are satisfied. In the case of awards granted in 2005, 50 per cent. of an award is subject to a total shareholder return performance measure and 50 per cent. to an economic value added measure. In the case of awards granted in 2006 and 2007, 50 per cent. of an award is subject to a total shareholder return performance measure, 25 per cent. to an earnings per share measure and 25 per cent. to a cash flow measure. These awards will vest immediately on the date that the Court sanctions the Scheme to the extent that the performance conditions have been satisfied and, unless the Remuneration Committee of Hanson decides otherwise, subject to a time pro-rating reduction.

The Remuneration Committee has made an indicative decision that, taking into account the extent to which the relevant performance conditions have been achieved and after applying a time pro-rating reduction (assuming the Effective Date is August 24, 2007), awards granted in 2005 would vest as to approximately 79 per cent. of the total number of Hanson Shares over which they are granted (approximately 2,143,721 Hanson Shares); awards granted in 2006 as to approximately 31 per cent. of the total number of Hanson Shares over which they are granted (approximately 679,619 Hanson Shares); and awards granted in 2007, as to approximately 12 per cent. of the total number of Hanson Shares over which they are granted (approximately 260,142 Hanson Shares). These vesting levels are subject to a further review of Hanson s performance by the Remuneration Committee shortly before the Court sanction date.

To encourage the retention of the senior executives and management of Hanson and at the specific request of HeidelbergCement, the Remuneration Committee will exercise its discretion under the Hanson LTIPs to allow participants to elect between their awards vesting either: (a) as to a proportion of the Hanson Shares over which they are granted as determined by the Remuneration Committee of Hanson shortly before the Court sanction date as described above, in which case they will be entitled to receive the benefit immediately after the date the Court sanctions the Scheme, or (b) as to 100 per cent. of the Hanson Shares over which the awards are granted, but only on condition that they will not receive the benefit (which may, subject to tax considerations, be in the form of Hanson Shares or cash) until the equivalent award would have vested in the ordinary course (i.e. March 2008, May 2009 and March 2010 respectively) and further on the condition that the benefit will be forfeited in whole if the participant resigns from Hanson (other than in response to a constructive dismissal) or is dismissed for cause before the relevant payment date.

13. Financing of the Proposals
To finance the consideration due under the Proposals, HeidelbergCement Finance B.V. and HeidelbergCement have entered into the Facilities Agreement which makes available to them facilities of £8.75 billion and 3.4 billion, arranged on a joint basis, and fully underwritten, by Deutsche Bank and Royal Bank of Scotland. The funds raised under the Facilities Agreement, which are necessary for Lehigh to satisfy the consideration payable to Hanson Shareholders under the terms of the Scheme, will be made available to Lehigh. The remainder of the facilities will be used to refinance indebtedness of the enlarged HeidelbergCement Group, provide working capital for the enlarged HeidelbergCement Group after completion of the Proposals and pay certain fees and expenses associated with the Proposals. The facilities made available under the Facilities Agreement will be partly refinanced through a combination of hybrid capital issuance in an amount of up to 2 billion, the issue of bonds, and the divestment of selected non-core activities. It is HeidelbergCement s intention to maintain an investment grade rating for the enlarged group and, to support its objective, it has, in addition to raising the funds required to finance the Proposals, undertaken a capital increase in an amount of approximately 527 million.

Deutsche Bank has confirmed that it is satisfied that sufficient resources are available to Lehigh to satisfy in full the cash consideration payable to Hanson Shareholders under the terms of the Scheme.

Under the Facilities Agreement, HeidelbergCement has agreed, amongst other things (and will procure compliance from Lehigh), that, save as may be required by the Panel or the Court, it will not waive, amend, withdraw or agree not to enforce any term or condition of the Proposals (in

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each case in a manner that could reasonably be expected to be material or prejudicial to the Lenders under the Facilities Agreement) without the prior consent of Royal Bank of Scotland (as agent) acting on behalf of the Majority Lenders (as defined in the Facilities Agreement).

Further information on the financing of the Proposals is set out in paragraph 7 of Part XI of this document.

14. Implementation Agreement
HeidelbergCement, Lehigh and Hanson have entered into the Implementation Agreement which contains certain assurances in relation to the implementation of the Scheme and related matters. In particular, the Implementation Agreement contains the principal provisions set out below:

Undertakings to implement the Scheme
Subject to the fiduciary duties of the directors of Lehigh and of Hanson, Lehigh and Hanson have agreed to use reasonable endeavours to implement the Scheme, including the despatch of the Scheme Document, convening the Court Meeting and the EGM, and the taking of the appropriate steps to obtain Court Orders at the Court Hearings to effect the Scheme.

The Proposals are conditional upon the fulfilment (or, where permitted, waiver) of the Conditions set out in Part VI of this document and the Scheme becoming effective by December 31, 2007. Subject to the fiduciary duties of the directors of Lehigh and of Hanson, Lehigh and Hanson have agreed to use all reasonable endeavours to procure the satisfaction of the Conditions as soon as reasonably practicable. Hanson has also undertaken that it will only take the action necessary to implement the Scheme if Lehigh has confirmed that all of the Conditions have been satisfied or waived. Lehigh has undertaken to be bound by the Scheme unless it has invoked one or more of the Conditions with the consent of the Panel.

Inducement Fee
As a pre-condition to Lehigh agreeing to announce the Proposals, Hanson has agreed in the Implementation Agreement to pay an inducement fee of £78,700,000 to Lehigh if: (a) an Alternative Proposal is announced (for the purposes of Rule 2.5 of the Code or equivalent); and (b) following such announcement, the Scheme is not proposed or made or it lapses or is withdrawn; and (c) such Alternative Proposal becomes wholly unconditional.

Non-solicitation arrangements
Hanson has undertaken to HeidelbergCement and to Lehigh not to:

(a) solicit or otherwise seek to initiate any Competing Proposal;

(b) enter into or continue any discussions, negotiations, communication or correspondence relating to or which may be expected to lead to any Competing Proposal; or

(c) release any third party from any confidentiality or standstill agreement, or amend any such agreement, entered into in connection with any Competing Proposal,

save by virtue of it complying with the rules of the Code or, in the case of (b) and (c) above, to the extent that to fail to do so would not be in the best interests of Hanson Shareholders or would otherwise be in breach of the fiduciary duties of the Hanson Directors.

Hanson has undertaken to inform Lehigh as soon as reasonably practicable of the making of any Competing Proposal or any request for information pursuant to Rule 20.2 of the Code.

Termination
The Implementation Agreement may be terminated in the following circumstances:

(a) by agreement in writing between Lehigh, HeidelbergCement and Hanson at any time;

(b) by Lehigh in the event of failure of any of the Conditions (subject to the Panel permitting such Condition to be invoked); or

(c) if the Scheme is not approved by the requisite majority of Hanson Shareholders at the Court Meeting or the resolution to be proposed at the Hanson EGM is not passed by the requisite majority.

Rothschild has confirmed to the Panel that it considers the Inducement Fee, and the circumstances in which it may become payable, to be in the best interests of Hanson and Hanson Shareholders.

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15. Structure of the Proposals

Introduction

The Proposals are to be effected by means of a scheme of arrangement between Hanson and its shareholders under section 425 of the UK Companies Act 1985. The terms of the Scheme are set out in full in Part XII of this document. The procedure involves an application by Hanson to the Court to sanction the Scheme and to confirm the associated Reduction of Capital. As consideration under the Scheme, Hanson Shareholders will receive cash (as described in paragraph 2 of this document above) or, to the extent that they have elected to do so, Loan Notes.

The purpose of the Scheme is to provide for Lehigh to become the owner of the whole of the issued share capital of Hanson, to be achieved by:

(a) the cancellation of the Scheme Shares held by Hanson Shareholders who will receive cash under the Scheme and the application of the reserve arising from such cancellation in paying up in full a number of New Hanson Shares which is equal to the number of Scheme Shares cancelled and issuing the same, credited as fully paid, to Lehigh and/or its nominee(s); and

(b) the transfer to Lehigh of the Scheme Shares held by Hanson Shareholders who have elected to receive Loan Notes in respect of their Scheme Shares under the Loan Note Alternative. Such Scheme Shares will be acquired by Lehigh fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party right or interest whatsoever and together with all rights existing as at May 15, 2007 or thereafter attaching thereto, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by return of share capital or share premium account or otherwise) made on or after May 15, 2007.

To become effective, the Scheme requires, *inter alia*, the approval of a majority in number of those Hanson Shareholders, present and voting either in person or by proxy at the Court Meeting, representing 75 per cent. or more in value of all Hanson Shares held by such Hanson Shareholders. The Scheme also requires the passing of the special resolution to implement the Scheme at the Extraordinary General Meeting, the sanction of the Court and the confirmation of the reduction of capital by the Court, as well as satisfaction or waiver of the other Conditions set out in Part VI to this document. Upon the Scheme becoming effective, it will be binding on all Hanson Shareholders (including, in effect, ADS Holders and CDI Holders), irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

The last day of dealings in, and for registration of transfers of, Hanson Shares will be the date two Business Days prior to the Effective Date (such last day of dealings expected, subject to receipt of the Regulatory Approvals, to be August 22, 2007), following which Hanson Shares will be suspended from the Official List and from the London Stock Exchange s market for listed securities.

Prior to the Scheme becoming effective, Hanson also intends to make application to the New York Stock Exchange to delist the ADSs from the New York Stock Exchange as of or shortly following the Effective Date.

Similarly, Hanson has agreed to make applications to the ASX for the termination of the quotation of the CDIs and to remove Hanson from the official list of the ASX as of or shortly following the Effective Date.

If the Scheme has not become effective by December 31, 2007, or such later date as Lehigh and Hanson may agree (with, where applicable, the consent of the Panel) and the Court may allow, it will lapse.

On the Effective Date, share certificates in respect of Cancellation Shares will cease to be valid and share certificates in respect of Loan Note Elected Shares will cease to have effect as documents of title. In addition, on the Effective Date, entitlements to Scheme Shares held within the CREST system will be cancelled.

The Meetings

Before the Court s approval can be sought to sanction the Scheme, the Scheme will require approval by Hanson Shareholders at the Court Meeting and the passing of the special resolution by Hanson Shareholders at the EGM. Notices of the Court Meeting and the EGM are set out in Parts XIV and XV of this document respectively. All Hanson Shareholders whose names appear on the register of members of Hanson at 6:00 p.m. on July 29, 2007 or, if the Meetings are

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adjourned, on the register of members at 6:00 p.m. on the date two days before the date set for the adjourned Meetings, shall be entitled to attend and vote at the relevant Meeting in respect of the number of Hanson Shares registered in their name at the relevant time.

The Court Meeting

The Court Meeting, which has been convened for 11:00 a.m. on July 31, 2007, is being held at the direction of the Court to seek the approval of Hanson Shareholders for the Scheme. At the Court Meeting, voting will be by way of poll and each Hanson Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Hanson Shareholders, present and voting, either in person or by proxy, representing 75 per cent. or more in value of all Hanson Shares held by such Hanson Shareholders.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Hanson Shareholder opinion.

The Extraordinary General Meeting

In addition, the EGM has been convened for 11:15 a.m. on July 31, 2007, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the special resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

(i) the cancellation and extinguishing of the Cancellation Shares in accordance with the Scheme by way of a reduction of capital;

(ii) the subsequent increase in the authorised share capital, the capitalisation of the reserve arising on the cancellation of the Cancellation Shares and the issue of New Hanson Shares to Lehigh in accordance with the Scheme;

(iii) the giving of authority to the Directors pursuant to section 80 of the UK Companies Act 1985 to allot securities in the Company; and

(iv) the amendment of the articles of association of Hanson described below and in paragraph (d) of the special resolution set out in the notice of the EGM in Part XV of this document.

Forms of Proxy and Form of Instruction for the Court Meeting and the Extraordinary General Meeting should be returned, in accordance with the instructions printed on them, as soon as possible and, in the case of the Forms of Proxy, so as to be received 48 hours before the time appointed for the relevant Meeting. If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Registrars or the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the EGM, unless the white Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent Hanson Shareholders from attending and voting in person at either the Court Meeting or the EGM, or at any adjournment thereof, if you so wish and are so entitled. ADS Holders and CDI Holders should review the applicable instructions in Part IV or Part V, respectively, of this document.

Sanction of the Scheme by the Court

Under the UK Companies Act 1985, the Scheme also requires the sanction of the Court. The hearing by the Court to sanction the Scheme and the hearing by the Court to confirm the Reduction of Capital comprised in the Scheme are expected to be held on August 20, 2007 and August 23, 2007 respectively, subject to receipt of the Regulatory Approvals. Lehigh has confirmed that it will be represented by counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will become effective in accordance with its terms on delivery of an office copy of the Court Order to the Registrar of Companies and the registration by the Registrar of Companies of the Reduction Court Order.

If the Scheme becomes effective, it will be binding on all Hanson Shareholders (including, in effect, ADS Holders and CDI Holders) irrespective of whether or not they attended the Meetings or voted in favour of the Scheme at the Court Meeting or in favour of the special resolution at the EGM. If

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the Scheme does not become effective by December 31, 2007 (or such later date (if any) as Lehigh and Hanson may agree (with, where applicable, the consent of the Panel) and the Court may allow) the Scheme will not become effective and the Proposals will not proceed.

16. Delisting and re-registration

It is intended that on or shortly after, the Effective Date, a request will be made by Hanson to the UK Listing Authority to cancel the listing of the Hanson Shares on the Official List and to the London Stock Exchange to cancel the admission to trading of the Hanson Shares on the London Stock Exchange s market for listed securities so that Hanson Shares will cease to be listed on the Official List no later than three Business Days after the Effective Date.

On the Effective Date, certificates in respect of Hanson ADSs will cease to be valid and should be surrendered to the ADS Depositary in accordance with the Deposit Agreement. As of or shortly following the Effective Date, the Hanson ADSs will be de-listed from the New York Stock Exchange and the Hanson ADSs and the underlying Hanson Shares will be de-registered with the SEC.

In addition, pursuant to the notice of termination (as provided in the Deposit Agreement through which the ADS programme is operated) which will be sent to ADS Holders separately, the Deposit Agreement will be terminated. Such notice of termination will be conditional on the Scheme becoming effective.

Similarly, Hanson has agreed to make applications to the ASX for the termination of the quotation of the CDIs and to remove Hanson from the official list of the ASX.

On the Effective Date, Hanson will become a wholly-owned subsidiary of the HeidelbergCement Group and certificates in respect of ADSs will cease to be valid and CDI Holders will cease to hold CDIs. On the Effective Date, entitlements to Hanson Shares held within the CREST system will be cancelled.

As soon as possible after the Effective Date, it is intended that Hanson will be re-registered as a private limited company.

17. Settlement

Subject to the Scheme becoming effective, settlement of the cash consideration and/or issue of the certificates in respect of the Loan Notes to which any Hanson Shareholder is entitled thereunder will be effected within 14 days of the Effective Date in the manner set out below.

Except with the consent of the Panel, the cash consideration to which any Hanson Shareholder is entitled under the Scheme will be paid in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Lehigh may otherwise be, or claim to be, entitled against such Shareholder.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Cash consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

On the Effective Date, Cancellation Shares held within CREST will be cancelled. Hanson Shareholders who hold Cancellation Shares in uncertificated form will receive any cash consideration to which they are entitled through CREST by Lehigh procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Hanson Shareholders hold such uncertificated shares in respect of the cash consideration due to them.

As from the Effective Date, each holding of Hanson Shares credited to any stock account in CREST shall be disabled and all Hanson Shares will be removed from CREST in due course thereafter.

Lehigh reserves the right to pay all or any part of the cash consideration referred to above to all or any Hanson Shareholder(s) who hold Cancellation Shares in uncertificated form at the Scheme Record Time in the manner referred to below if, for reasons outside its reasonable control, it is not able to effect settlement in uncertificated form in accordance with this paragraph 17.

Cash consideration where Scheme Shares are held in certificated form

On the Effective Date, Cancellation Shares held in certificated form will be cancelled and share certificates for such Cancellation Shares will cease to be valid.

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Settlement of the cash consideration due under the Scheme in respect of Cancellation Shares held in certificated form shall be despatched:

(i) by first class post, by cheque drawn on a branch of a UK clearing bank; or

(ii) by such other method as may be approved by the Panel.

All such cash payments shall be made in pounds sterling. Payments made by cheque shall be payable to the Hanson Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of Hanson in respect of the joint holding concerned. Cheques shall be despatched as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date.

Cash Consideration for ADSs

On the Effective Date, Hanson Shares underlying the Hanson ADSs will be cancelled. The ADS Depositary will receive an amount in pounds sterling equal to the total amount payable in respect of all the Scheme Shares held by the ADS Depositary in accordance with the terms of the Scheme. Such amount will be converted into US dollars by the ADS Depositary pursuant to the terms and conditions of the Deposit Agreement. Once the ADS Depositary has received the funds, ADS Holders will receive their *pro rata* portion in US dollars from the ADS Depositary in accordance with the terms and conditions of the Deposit Agreement, net of any taxes, governmental charges, ADS Depositary fees due from such holders to the ADS Depositary and currency conversion expenses of the ADS Depositary. The ADS Depositary will deduct any applicable fee from the cash consideration payable to ADS Holders. Following the Effective Date, the ADS Depositary will despatch a notice to registered holders of Hanson ADSs regarding their entitlement under the Scheme and the procedures for the surrender of their Hanson ADSs.

Any ADS Holders whose ADSs are held indirectly through a bank, broker, financial institution or share plan administrator within a book-entry facility, such as DTC, will receive credit of the funds to their account from their bank, broker or financial institution. The ADS Depositary will remit the funds to each book-entry facility, net of the total amount of any applicable taxes and fees due from such holder to the ADS Depositary and the relevant book-entry facility in turn will credit the ADS Holder s bank, broker, financial institution or share plan administrator.

Cash Consideration for CDIs

When the Scheme becomes effective, Hanson Shares underlying CDIs held by the CDI Depositary will be cancelled.
The cash consideration due under the Scheme in respect of Scheme Shares held in the CDI Depositary s name will be paid in an amount in pounds sterling into an Australian account from which the CDI Registrar will have the authority to make payments.

The cash payment will be converted into Australian dollars at the prevailing spot rate and will be distributed to CDI Holders according to their CDI holdings, within seven days of receipt of funds by the CDI Registrar. In the case of joint holders of CDIs, the payment will be made to the holder whose name appears first on the register of CDI Holders.

Following the Effective Date, the CDI Registrar will despatch a notice to CDI Holders setting out their entitlement under the Scheme.

Loan Notes

Whether Scheme Shares are held in certificated or uncertificated form, where a Hanson Shareholder validly elects for Loan Notes to be issued by Lehigh subject to the terms and conditions of the Loan Note Alternative set out in Part VIII to this document, all such elections being made on the Loan Note Form of Election by not later than 6:00 p.m. on July 31, 2007, the

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amount of Loan Notes in respect of which the election is made will be issued and credited as fully paid to the electing Hanson Shareholder (other than a Restricted Overseas Person or US Holder) not more than 14 days after the Effective Date and definitive certificates for the Loan Notes will be despatched by first class post (or by such other method as may be approved by the Panel).

All mandates and other instructions to the Company in force at the Scheme Record Time relating to Loan Note Elected Shares shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates in relation to the payment of interest and capital and instructions to Lehigh in relation to the Loan Notes issued in respect thereof.

18. Taxation
Your attention is drawn to Part X of this document.

Hanson Shareholders are strongly advised to contact an appropriate independent professional adviser immediately to discuss the taxation consequences of accepting the Proposals.

19. Overseas shareholders
The implications of the Scheme and the Proposals for Overseas Persons may be affected by the laws of the relevant jurisdictions. Overseas Persons should inform themselves about and observe any applicable legal requirement. It is the responsibility of each Overseas Person to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

20. Action to be taken
Your attention is drawn to the information set out in pages 7-9 of this document which explains the actions you should take in relation to the Scheme.

21. Further information
The terms of the Scheme are set out in full in Part XII of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the conditions to the implementation of the Scheme and Proposals in Part VI, the Financial Information in Part VII and the Additional Information set out in Part XI of this document.

Yours very truly,

for and on behalf of
N M Rothschild & Sons Limited

John Deans
Managing Director

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PART IV

FURTHER INFORMATION FOR ADS HOLDERS

1. Expected timetable of principal events for ADS Holders

Event	Time and/or date
Voting record date and voting record time for the Court Meeting and EGM for ADS Holders	5:00 p.m. New York time on June 18, 2007
Latest time for ADS Holders to provide voting instructions to the ADS Depositary for the Court Meeting and EGM	10:00 a.m. New York time on July 24, 2007
Court Meeting	11:00 a.m. London time on July 31, 2007[1]
Extraordinary General Meeting	11:15 a.m. London time on July 31, 2007[1,2]
The following dates are subject to change, please see note (3) below	
Court Hearing Date (to sanction the Scheme)	August 20, 2007
Last day of dealings in ADSs on the New York Stock Exchange	August 22, 2007
Scheme Record Time	6:00 p.m. London time on August 22, 2007
Court Hearing Date (to approve the Reduction of Capital)	August 23, 2007
Effective Date	August 24, 2007
Cancellation of listing of the ADSs on the NYSE	September 4, 2007
Settlement of cash consideration due under the Scheme	Within 14 days of the Effective Date
Distribution of cash consideration to ADS Holders	5 Business Days after receipt of funds upon proper presentation and surrender of ADSs

ADS Holders will not be entitled to attend and vote at the Court Meeting or the EGM unless they follow the instructions set out in paragraph 2(b) of this Part IV and become a Hanson Shareholder directly.

1. Please note that the last day for ADS Holders to present their ADSs to the ADS Depositary for cancellation in order to become Hanson Shareholders for the purpose of voting at the Court Meeting and at the EGM is July 20, 2007.
2. To commence at the time shown, or immediately following the adjournment or conclusion of, the Court Meeting, if later.
3. These dates are indicative only and will depend, amongst other things, on the date on which the Court sanctions the Scheme.

The dates given in this Part IV are based on Hanson s current expectations and may be subject to change.

2. Information for ADS Holders

(a) The Scheme

On the Effective Date, the five Hanson Shares underlying each Hanson ADS will be cancelled in consideration for the cash consideration payable by Lehigh. ADS Holders will receive their entitlement to such cash consideration through the settlement procedure described in paragraph (c) below. ADS Holders will not be entitled to elect for the Loan Note Alternative.

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(b) Voting
ADS Holders have been sent a Form of Instruction with this document. This form must be completed by ADS Holders in accordance with the accompanying instructions and delivered either by hand or by post to the ADS Depositary at the address shown on page 6 of this document in order to instruct the ADS Depositary how to vote the Hanson Shares underlying the ADSs on their behalf at the Court Meeting and the EGM.

The latest time for ADS Holders to provide the ADS Depositary with a Form of Instruction for both the Court Meeting and the EGM is 10:00 a.m. (New York time) on July 24, 2007.

Members of either of the 401k Plans who hold Hanson ADSs under the 401k Plans have been sent a Form of Instruction by the trustee of such plans. This form must be completed by the members in accordance with the accompanying instructions and delivered either by hand or post to the trustee of the 401k Plans at the address shown thereon in order to instruct the trustee how to direct the ADS Depositary to vote the Hanson Shares underlying the Hanson ADSs on behalf of the members at the Court Meeting and the EGM. The Form of Instruction must be returned to the trustee of the 401k Plans by 3:00 p.m. (New York time) on July 20, 2007.

ADS Holders will not, except as described below, be entitled to attend the Court Meeting or the EGM in person nor to be present at the Court Hearing to sanction the Scheme or to confirm the Reduction of Capital provided for under the Scheme, although the ADS Depositary or its nominee as the record holder of Hanson Shares underlying the Hanson ADSs will be so entitled and will vote in accordance with instructions that may be received by the ADS Depositary by 10:00 a.m. (New York time) on July 24, 2007.

ADS Holders who wish to attend the Court Meeting or the EGM, or to be present at the Court Hearings, should take steps to present their ADSs to the ADS Depositary for cancellation before July 20, 2007 and (upon compliance with the terms of the Deposit Agreement, including payment of the ADS Depositary s fees and any applicable taxes and governmental charges) delivery of Hanson Shares so as to become Hanson Shareholders prior to the relevant Voting Record Time for the Court Meeting or the EGM, or prior to the Court Hearing, as the case may be. The relevant Voting Record Time for the Court Meeting and the EGM and the date of the Court Hearing appear in the Expected Timetable of Principal Events on page 5 of this document. However, any holder who subsequently wished to sell their Hanson Shares on the NYSE would first have to convert them back to ADSs, and this would give rise to UK stamp duty implications.

ADS Holders who take steps (as described in the paragraph above) to become Hanson Shareholders (as opposed to ADS Holders) will have the right to attend the Court Hearings in person or be represented by counsel to support or oppose the sanctioning of the Scheme and the Reduction of Capital.

A member of either of the 401k Plans who holds Hanson ADSs under a 401k Plan and who wishes to attend the Court Meeting or the EGM, or to be present at the Court Hearings must, by no later than July 20, 2007 notify the trustee of the 401k Plans in writing, specifying the number of Hanson ADSs such holder desires to withdraw. Withdrawals may be restricted in part or in whole by the terms of the 401k Plans, and members wishing to make withdrawals should contact the trustee of the 401k Plans as soon as possible.

(c) Settlement
On the Effective Date, Hanson Shares underlying the Hanson ADSs will be cancelled. The ADS Depositary will receive an amount in pounds sterling equal to the total amount payable in respect of all the Scheme Shares held by the ADS Depositary in accordance with the terms of the Scheme. Such amount will be converted into US dollars by the ADS Depositary pursuant to the terms and conditions of the Deposit Agreement. Once the ADS Depositary has received the funds, ADS Holders will receive their *pro rata* portion in US dollars from the ADS Depositary in accordance with the terms and conditions of the Deposit Agreement, net of any taxes, governmental charges, ADS Depositary fees due from such holders to the ADS Depositary and currency conversion expenses of the ADS Depositary. The ADS Depositary will deduct any applicable fee from the cash consideration payable to ADS Holders. Following the Effective Date, the ADS Depositary will despatch a notice to registered ADS Holders regarding their entitlement under the Scheme and the procedures for the surrender of their Hanson ADSs.

Any ADS Holders whose Hanson ADSs are held indirectly through a bank, broker, financial institution or share plan administrator within a book-entry facility, such as DTC, will receive credit of

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the funds to their account from their bank, broker or financial institution. The ADS Depositary will remit the funds to each book-entry facility, net of the total amount of any taxation or fee due from such holder to the ADS Depositary, and the relevant book-entry facility in turn will credit the ADS Holder s bank, broker, financial institution or share plan administrator.

In order to avoid the application of US backup withholding (at a rate of 28 per cent.) on cash amounts paid to holders of Hanson ADSs (including non-US persons) who have not previously provided a duly completed Form W-9 or W-8 to their broker or the ADS Depositary that remains valid at the time of payment, it is necessary for such holders to provide the ADS Depositary with a properly completed IRS Form W-8BEN or Form W-9 as applicable. See the discussion below at Certain US Federal Income Tax Considerations Information Reporting and Backup Withholding in Part X of this document. All ADS Holders should consult their appropriate independent tax adviser to determine whether or not they are required to provide these forms. IRS Forms W-9 and W-8 are available on the IRS website at http://www.irs.gov.

ADS Holders should note that they will receive cash consideration converted into US dollars at the exchange rate obtainable by the ADS Depositary, net of any taxes, governmental charges, ADS Depositary fees, and currency conversion expenses of the ADS Depositary.

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PART V

FURTHER INFORMATION FOR CDI HOLDERS

1. Expected timetable of principal events for CDI Holders

Event	**Time and/or Date**
Voting record date and voting record time for the Court Meeting and EGM for CDI Holders.	7:00 p.m. Australian Eastern Standard time on July 26, 2007[1]
Latest time for CDI Holders to provide voting instructions to the CDI Registrar for the Court Meeting and EGM	5:00 p.m. Australian Eastern Standard time on July 26, 2007
Court Meeting	11:00 a.m. London time on July 31, 2007
Extraordinary General Meeting	11:15 a.m. London time on July 31, 2007[2]
The following dates are subject to change, please see note (3) below	
Court Hearing Date (to sanction the Scheme)	August 20, 2007
Last day of trading in Hanson CDIs on the ASX	August 22, 2007
Scheme Record Time	6:00 p.m. London time on August 22, 2007
Court Hearing Date (to approve the Reduction of Capital)	August 23, 2007
Effective Date	August 24, 2007
Termination of quotation of the CDIs	August 30, 2007
Settlement of cash consideration due under the Scheme	Within 14 days of Effective Date on August 24, 2007
Distribution of cash consideration to CDI Holders	Within seven days of the receipt of funds by the CDI Registrar

CDI Holders will not be entitled to attend and vote at the Court Hearing or the EGM unless they follow the instructions set out in paragraph 2(b) of this Part V and become a Hanson Shareholder directly.

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1. Please note that the last day for CDI Holders to present their CDIs to the CDI Depositary for cancellation in order to become Hanson Shareholders for the purpose of voting at the Court Meeting and at the EGM is July 20, 2007.
2. To commence at the time shown, or immediately following the adjournment or conclusion of, the Court Meeting, if later.
3. These dates are indicative only and will depend, amongst other things, on the date on which the Court sanctions the Scheme.

2. Information for CDI Holders

(a) The Scheme

Once the Scheme becomes effective, the Hanson Share underlying each CDI will be cancelled. CDI Holders will receive their entitlement to such cash consideration through the settlement procedure described below. CDI Holders will not be entitled to participate in the Loan Note Alternative.

(b) Voting

The CDI Depositary will vote at the Court Meeting and the EGM on behalf of each CDI Holder as they direct. For this purpose, the CDI Registrar will distribute a Form of Instruction. This form must

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be completed by CDI Holders in accordance with the accompanying instructions and delivered by hand or by post to the CDI Registrar at the address shown on page 6 of this document in order for the CDI Registrar to instruct the CDI Depositary how to vote on CDI Holders behalf at the Court Meeting and the EGM.

The latest time for CDI Holders to provide the CDI Registrar with a Form of Instruction for both the Court Meeting and the EGM is 5:00 p.m (Australian Eastern Standard time) on Thursday, July 26, 2007.

CDI Holders who wish to vote directly at the Court Meeting or the EGM, or to be present at the Court Hearings, may do so by converting their Hanson CDIs into a holding of Hanson Shares and voting these at the relevant meeting. The process of conversion would need to be completed and the Hanson Shares registered in the name of the former CDI holder prior to the Voting Record Time for the relevant meeting. The procedure for the conversion of CDIs into Hanson Shares is explained further below.

(c) Settlement
If the Scheme becomes effective, a payment of 1100 pence in cash per Scheme Share held by the CDI Depositary will be dispatched to the CDI Registrar within 14 days of the Effective Date. The cash payment will be converted into Australian dollars at the prevailing spot rate and will be distributed to CDI Holders according to their CDI holdings, within seven days of receipt of funds by the CDI Registrar.

Subject to the Scheme becoming effective, Hanson will apply to the ASX for termination of quotation of the CDIs and to remove Hanson from the official list of the ASX.

(d) Further information about CDIs
Introduction

CDIs take the form of CHESS Depositary Interests and are units of beneficial ownership of Hanson Shares. One Hanson Share underlies each CDI. The legal title to the underlying shares is held by the CDI Depositary.

Converting from a CDI holding to a certificated holding

CDI Holders may at any time convert their CDI holding to a holding of the underlying Hanson Shares by:

(i) in the case of issuer-sponsored CDIs, by notifying the CDI Registrar; or

(ii) in the case of CDIs sponsored on the CHESS sub-register, by notifying their CHESS participant (usually a stockbroker).
In both cases, once the CDI Registrar has been notified, it will transfer the relevant number of Hanson Shares from the CDI Depositary into the name of the holder. However, the conversion of CDIs to Hanson Shares will prevent a person from selling such shares on the ASX, as only the CDIs can be traded on the ASX. The last date on which the CDI Registrar may be notified in order to convert a holding of CDIs to a holding of Hanson Shares is July 20, 2007.

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PART VI

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND THE PROPOSALS

Conditions of the Scheme

1. The Scheme is conditional upon:

(A) the approval of the Scheme by a majority in number, representing at least three-fourths in value, of the Hanson Shareholders, present and voting either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting);

(B) the resolution(s) in connection with or required to approve and implement the Scheme being duly passed by the requisite majority at the EGM (or at any adjournment of such meeting); and

(C) the sanction (in, either case, with or without modifications on terms reasonably acceptable to HeidelbergCement and Hanson) of the Scheme and the confirmation of the Reduction of Capital involved therein by the Court and office copies of the Court Orders being delivered for registration to the Registrar of Companies and registration of the Reduction Court Order with the Registrar of Companies and, if appropriate, the minute of the reduction attached to the Reduction Court Order.

Conditions of the Proposals

2. In addition, Lehigh and Hanson have agreed that, subject as stated in paragraph 4 below, the Proposals are also conditional upon, and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions (as amended, if appropriate) are satisfied or waived as referred to below prior to the Scheme being sanctioned by the Court:

(A) insofar as the Proposals constitute a concentration with a Community dimension within the scope of the Merger Regulation:

(i) the European Commission indicating, in terms reasonably satisfactory to Lehigh, that it does not intend to initiate proceedings under Article 6(1)(c) of the Merger Regulation in respect of the proposed acquisition of Hanson by Lehigh or any matter arising therefrom; and

(ii) the European Commission not having made a referral to a competent authority of any member state of the European Union under Article 4(4) or Article 9(1) of the Merger Regulation in respect of all or any part of the proposed acquisition of Hanson by Lehigh or any matter arising therefrom or, in the event of such a referral, clearance being obtained from the competent authority of that member state on terms reasonably satisfactory to Lehigh;

(B) all filings having been made and all or any appropriate waiting periods, including any extensions thereof, applicable under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the regulations made under that act having expired, lapsed or been terminated as appropriate in each case in respect of the Proposals;

(C) either:

(i) an advance ruling certificate in respect of the acquisition has been issued to Lehigh, pursuant to section 102 of the Competition Act (Canada), to the effect that the Commissioner of Competition (the ***Commissioner***) is satisfied that they would not have sufficient grounds upon which to apply to the Competition Tribunal for an order under section 92 of the Competition Act (Canada); or

(ii) the waiting period under section 123 of the Competition Act (Canada) has expired and Lehigh has been advised in writing that the Commissioner has determined not to make an application under section 92 or section 100 of the Competition Act (Canada) in respect of the Proposals;

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and

(iii) with respect to any requisite approval under the Investment Canada Act, Lehigh has obtained confirmation from the Minister of Industry (or such other Minister as may be appointed under the Investment Canada Act) under Sections 21, 22 or 23 of the Investment Canada Act that the Minister is, or is deemed to be, satisfied that the Proposals are likely to be of net benefit to Canada;

(D) either:

(i) the Treasurer of the Commonwealth of Australia (the ***Treasurer***) or a delegate of the Treasurer has provided written advice or confirmation which is unconditional or subject only to conditions reasonably acceptable to Lehigh that there is no objection under the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth) or foreign investment policy of Australia to the Proposals; or

(ii) the Treasurer has ceased to be empowered to make any order under the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth) in relation to the Proposals;

(E) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body or association, authority, court, trade agency, institution or professional or environmental body or any other person or body in any jurisdiction (each a ***Third Party***) having, without the consent or agreement of Lehigh, prior to the Effective Date, decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, decision or order or taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which would or might be reasonably be expected to:

(i) impose any limitation on, or result in any delay in, the ability of any member of the HeidelbergCement Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares in Hanson or on the ability of any member of the wider Hanson Group or any member of the HeidelbergCement Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the wider Hanson Group or to exercise management control over any such member of the wider Hanson Group which is material in the context of the wider Hanson Group taken as a whole;

(ii) other than in implementation of the Proposals and except, where relevant, pursuant to Part 28 of the UK Companies Act 2006, require any member of the HeidelbergCement Group to acquire or offer to acquire any shares or other securities (or the equivalent) or interest in any member of the wider Hanson Group owned by any third party at a cost which is material in the context of the wider Hanson Group taken as a whole;

(iii) make the Proposals (including the Reduction of Capital), their implementation or the acquisition or proposed acquisition by Lehigh or any member of the wider HeidelbergCement Group of any shares or other securities in, or control of, Hanson void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose material additional conditions or obligations with respect thereto, or otherwise challenge, hinder or interfere, therewith;

(iv) impose any limitation on the ability of any member of the wider Hanson Group or the wider HeidelbergCement Group to integrate or co-ordinate its business, or any substantial part of its business, with the businesses or any part of the businesses of any other members of the wider HeidelbergCement Group and/or the wider Hanson Group which is adverse to and material in the context of the wider Hanson Group or the wider HeidelbergCement Group, as the case may be, taken as a whole;

(v) result in a member of the wider Hanson Group ceasing to be able to carry on business under any name which it presently does to an extent which is material in the context of the wider Hanson Group taken as a whole; or

(vi) otherwise adversely affect the business, assets or profits of any member of the HeidelbergCement Group or any member of the wider Hanson Group to an extent which would be material in the context of the Hanson Group taken as a whole,

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and all applicable waiting and other time periods during which any Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation or enquiry having expired, lapsed or been terminated;

(F) all necessary notifications and filings having been made in connection with the Proposals and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in connection with the Proposals or the acquisition by any member of the HeidelbergCement Group of any shares or other securities in, or control of, Hanson and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulations of any relevant jurisdiction having expired, lapsed or been terminated and all authorisations, orders, recognitions, grants, consents, licences, confirmations, permissions, approvals and clearances, including competition clearances, necessary or reasonably considered necessary or appropriate for or in respect of the Proposals and the proposed acquisition of any shares or other securities in, or control of, Hanson by any member of the HeidelbergCement Group having been obtained in terms and in a form reasonably satisfactory to Lehigh from all appropriate Third Parties or persons with whom any member of the wider Hanson Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals, together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or reasonably considered necessary or appropriate to carry on the material business of any member of the wider Hanson Group, remaining in full force and effect and there being no intimation of any intention to revoke, suspend, restrict or modify or not to renew the same at the time at which the Proposals become otherwise unconditional and all necessary statutory or regulatory obligations in connection with the Proposals in any relevant jurisdiction having been complied with;

(G) save as Publicly Announced by Hanson prior to the date of the Announcement, or as disclosed in the Annual Report or as can be reasonably demonstrated to have been fairly disclosed to HeidelbergCement by Hanson prior to the date of the Announcement or included herein, there being no provisions of any arrangement, agreement, licence, permit or other instrument to which any member of the wider Hanson Group is a party or by or to which any such member or any of its assets are bound, entitled or subject and which, in consequence of the Proposals, the proposed acquisition of any shares or other securities in Hanson or because of a change in the control or management of Hanson or otherwise, would or might reasonably be expected to result in:

(i) any monies borrowed by, or any other indebtedness (actual or contingent) of, any such member being or becoming repayable or being capable of being declared repayable prior to their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

(ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) being enforced or becoming enforceable;

(iii) any such arrangement, agreement, licence, permit or other instrument of any such member being terminated or adversely modified or any action being taken or any obligation or liability arising thereunder;

(iv) any assets or interest of any such member being or falling to be disposed of or any right arising under which any such asset could be required to be disposed of;

(v) the rights, liabilities, obligations, interests or business of any such member in or with any person, firm or body or, in the case of a business any arrangements relating to such interest or business, being terminated or adversely modified or affected;

(vi) any such member ceasing to be able to carry on business under any name under which it presently does so;

(vii) the value of such member or its financial or trading position or profits being prejudiced or adversely affected; or

(viii) the creation of any liability, actual or contingent, by any such member,

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and which in each such case would be material in the context of the Hanson Group taken as a whole, and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, or other instrument to which any member of the wider Hanson Group is a party or by or to which any such member or any of its assets is bound, entitled or subject, is likely to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this paragraph (G) and which in each such case would be material in the context of the Hanson Group taken as a whole;

(H) save as Publicly Announced by Hanson prior to the date of the Announcement, or as can be reasonably demonstrated to have been fairly disclosed to HeidelbergCement by Hanson prior to the date of the Announcement or as disclosed in the Annual Report or included in the Announcement, no member of the wider Hanson Group having, since December 31, 2006:

(i) issued or agreed to issue or authorised or proposed the issue or grant of additional shares or securities of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save for any transactions between members of the wider Hanson Group, and any Hanson Shares allotted upon exercise of options granted or awards made, prior to the date of the Announcement under the Hanson Share Schemes);

(ii) recommended, declared, paid, made or proposed to declare, pay or make any bonus, dividend or other distribution whether in cash or otherwise, other than transactions between members of the wider Hanson Group and which in any such case is material in the context of the Hanson Group taken as a whole;

(iii) made, authorised, proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets or shares or any change in its share or loan capital (other than transactions between members of the wider Hanson Group) and which in any such case is material in the context of the Hanson Group taken as a whole;

(iv) disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset (other than transactions between wholly owned members of the Hanson Group) which, in any such case, is material in the context of the Hanson Group taken as a whole;

(v) proposed or entered into any contract, any reconstruction or amalgamation, any transaction or arrangement otherwise than in the ordinary course of business (other than transactions between members of the wider Hanson Group) which, in any such case, is material in the context of the Hanson Group taken as a whole;

(vi) entered into or varied, or made any offer (which remains open for acceptance) to enter into or vary, the terms of any service agreement or arrangement with any of the directors of Hanson;

(vii) proposed or entered into any agreement which consents to the restriction of the scope of the business of any member of the wider Hanson Group and which in any such case is material in the context of the Hanson Group taken as a whole;

(viii) waived, settled or compromised any claim to an extent which is material in the context of the Hanson Group taken as a whole;

(ix) entered into or varied or authorised or proposed any contract, arrangement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or is likely to be restrictive to the businesses of any member of the wider Hanson Group or which involves or could involve an obligation of such a nature or magnitude and which in any such case is material in the context of the Hanson Group taken as a whole;

(x) purchased, redeemed, repaid or announced any proposal to purchase, redeem or repay any of its own shares (including Treasury Shares) or other securities or reduced or made or authorised any other change to any part of its share capital (other than transactions between members of the wider Hanson Group);

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(xi) taken any corporate action or had any steps taken or legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues which in any such case is material in the context of the Hanson Group taken as a whole or any analogous proceedings in any jurisdiction or had any such person appointed;

(xii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business (otherwise than between Hanson and members of the wider Hanson Group) and which in any such case is material in the context of the Hanson Group taken as a whole;

(xiii) merged with any body corporate or acquired or disposed (in either case otherwise than in the ordinary course of trading) of any assets (including shares in subsidiaries, associates and trade investments) or made any change in its share or loan capital, or authorised or proposed or announced any intention to propose any merger, de-merger, acquisition, disposal or change as aforesaid (otherwise than between Hanson and members of the wider Hanson Group) and which in any such case is material in the context of the Hanson Group taken as a whole; or

(xiv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition (otherwise than between Hanson and members of the wider Hanson Group) and which in any such case is material in the context of the Hanson Group taken as a whole;

(I) save as Publicly Announced by Hanson prior to the date of the Announcement, or as can be reasonably demonstrated to have been fairly disclosed to HeidelbergCement by Hanson prior to the date of the Announcement, or as disclosed in the Annual Report or included in the Announcement, since December 31, 2006:

(i) there having been no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits of Hanson or any other member of the wider Hanson Group which in any such case is material in the context of the Hanson Group taken as a whole;

(ii) there having been no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Hanson Group is or may become a party (whether as claimant or defendant or otherwise), no such proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the wider Hanson Group and no investigation by a Third Party against or in respect of any member of the wider Hanson Group having been instituted, threatened or announced or remaining outstanding in respect of any member of the wider Hanson Group (including, other than as a result of the Proposals any anti-trust or merger control authority) which in any such case might be reasonably expected to adversely affect any member of the wider Hanson Group in any way which is material in the context of the Hanson Group taken as a whole;

(iii) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Hanson Group which is necessary for the proper carrying on by the Hanson Group of a material part of the business of the wider Hanson Group; and

(iv) no contingent or other liability having arisen which might reasonably be expected to materially and adversely affect the Hanson Group taken as a whole;

(J) save as Publicly Announced by Hanson prior to the date of the Announcement, or as can be reasonably demonstrated to have been fairly disclosed to HeidelbergCement by Hanson prior to the date of the Announcement, or as disclosed in the Annual Report or included in the Announcement, Lehigh not having discovered:

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(i) that the financial, business or other information concerning the wider Hanson Group, as contained in the information publicly disclosed at any time, either contains misrepresentation of a material fact or omits to state a fact necessary to make the information contained therein not misleading and which is material in the context of the wider Hanson Group taken as a whole;

(ii) that any member of the wider Hanson Group is subject to any liability, contingent or otherwise, which is material in the context of the Hanson Group taken as a whole;

(iii) that any past or present member of the wider Hanson Group has not complied with all applicable laws and regulations of any relevant jurisdiction relating to environmental matters which non-compliance would be likely to give rise to any liability (whether actual or contingent) which would be material in the context of the Hanson Group taken as a whole;

(iv) that there has been an emission, disposal, discharge, deposit, spillage or leak of waste or hazardous or harmful substances on or about or from any property now or previously owned, occupied or made use of by any past or present member of the wider Hanson Group which would be likely to give rise to any liability (whether actual or contingent) or cost which is material in the context of the Hanson Group taken as a whole;

(v) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any defect in a product or a process of manufacture, or materials used therein, now or previously manufactured, sold or carried out by any past or present member of the wider Hanson Group, which claim or claims might adversely affect any member of the wider Hanson Group in any way which is material in the context of the Hanson Group taken as a whole; and

(vi) that there is or is likely to be any liability (whether actual or contingent) or requirement to make good, repair, reinstate or clean-up any property now or previously owned, occupied or made use of by any past or present member of the wider Hanson Group which is material in the context of the Hanson Group taken as a whole.

3. For the purposes of the above conditions, **wider Hanson Group** means Hanson, its subsidiary undertakings, associated undertakings and any other undertaking in which Hanson and/or such undertakings (aggregating their interests) have a significant interest, **wider HeidelbergCement Group** means HeidelbergCement, its subsidiary undertakings, associated undertakings and any other undertaking in which HeidelbergCement and/or such undertakings (aggregating their interests) have a significant interest, and for these purposes **subsidiary undertaking** , **associated undertaking** and **undertaking** have the meaning ascribed to them in the UK Companies Act 1985 (other than paragraph 20(1)(b) of Schedule 4A to the UK Companies Act 1985 which shall be specifically excluded for these purposes) and **significant interest** means an interest (direct or indirect) in 20 per cent. or more of the equity share capital (as defined in the Companies Act 1985). **Publicly Announced** means publicly announced by Hanson by either (i) the delivery of an announcement to a Regulatory Information Service; (ii) the publication of such information on the main website maintained by Hanson; or (iii) the publication of such information on the website maintained by the SEC for the purposes of distributing information, in each case with sufficient detail for a reader to appreciate the nature and scope of the matter involved.

4. Lehigh reserves the right to waive, in whole or in part, all or any of conditions 2(A)(ii) and (B) to (J) inclusive. Conditions 1(A) to (C) cannot be waived. Lehigh shall be under no obligation to waive or treat as satisfied any of such conditions by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Scheme or the Proposals may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such conditions may not be capable of fulfilment.

5. The Scheme will lapse if, before the date of the Court Meeting, the Proposals are referred to the Competition Commission or the European Commission initiates proceedings under Article 6(1)(c) of the Merger Regulation in respect of the Proposals.

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6. The Loan Note Elected Shares will be acquired by Lehigh fully paid with full title guarantee and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of this announcement.

7. If Lehigh is required to make an offer for Hanson Shares under the provisions of Rule 9 of the Code, Lehigh may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that rule.

8. Lehigh reserves the right to effect the Proposals by way of a takeover offer, in which case additional documents will be despatched to Hanson Shareholders. In such event, the Offer will be implemented on the same terms (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the Hanson Shares to which the Offer relates (but capable of waiver on a basis consistent with Rule 10 of the Code), so far as applicable, as those which would apply to the Scheme).

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PART VII

FINANCIAL INFORMATION ON THE HANSON GROUP

INTRODUCTION

The following section sets out the consolidated financial statements of Hanson PLC and its subsidiary undertakings for the year ended December 31, 2006, with comparative income statement information for the 12 month periods ended December 31, 2005 and 2004 and comparative balance sheet information as at December 31, 2005. The financial statements have been prepared under International Financial Reporting Standards (***IFRS***) as adopted by the European Union (EU). The IFRS accounting policies are included within Note 1 of the Notes to the accounts. As IFRS differs in certain respects from US generally accepted accounting principles (***US GAAP***), a reconciliation from IFRS to US GAAP is included within Note 32 of the Notes to the accounts.

The financial information included has been properly extracted from the audited Annual Report and Form 20-F 2006 for Hanson PLC. Copies of these financial statements have been delivered to the Registrar of Companies in England and Wales. Ernst & Young LLP, 1 More London Place, London SE1 2AF has made a report under section 235 of the Companies Act 1985 in respect of the statutory accounts for that period. The report was unqualified and did not contain any statements under section 237(2) or (3) of the Act.

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Consolidated income statement for the 12 months ended December 31, 2006

	Notes	2006 £m	2005 £m	2004 £m
Continuing operations:				
Group turnover*	2a	**4,132.7**	3,715.7	3,383.0
Costs and overheads	3	**(3,603.7)**	(3,267.4)	(2,982.8)
Group operating profit before impairments*	2b	**529.0**	448.3	400.2
Share of joint-ventures and associates profit after tax	2c	**33.7**	40.5	23.2
Operating profit before impairments	2b	**562.7**	488.8	423.4
Operating impairments	2b and 6	**(4.1)**	(4.0)	(29.3)
Operating profit	2b	**558.6**	484.8	394.1
Finance costs	7	**(236.5)**	(224.7)	(198.0)
Finance income	7	**158.7**	169.2	151.2
Net finance costs		**(77.8)**	(55.5)	(46.8)
Profit before tax		**480.8**	429.3	347.3
Tax on continuing operations before impairments	8	**(81.8)**	(28.8)	(33.4)
Tax on impairments	8	**2.1**	(5.6)	6.3
Tax on continuing operations		**(79.7)**	(34.4)	(27.1)
Profit after tax continuing operations		**401.1**	394.9	320.2
Discontinued operations:				
Current year profit/(loss) after tax of discontinued operations	9a		2.8	(16.4)
Profit on disposals in the current year, after tax	9b	**0.3**	2.3	10.4
Profit/(loss) on disposals in prior years, after tax	9c	**0.1**	(12.4)	(50.0)
Profit/(loss) after tax discontinued operations		**0.4**	(7.3)	(56.0)
Profit for the year		**401.5**	387.6	264.2
Profit for the year attributable to:				
Equity holders of the Company		**400.4**	387.3	264.3
Minority interests		**1.1**	0.3	(0.1)

		401.5	387.6	264.2
Dividends				
Paid in the year (£m)	10	**147.5**	136.2	127.3
Paid in the year (pence per ordinary share)	10	**20.60p**	18.65p	17.30p
Earnings per ordinary share (pence)				
Basic	11	**56.0p**	53.2p	36.0p
Basic continuing operations	11	**55.9p**	54.2p	43.6p
Diluted	11	**55.3p**	52.6p	35.6p
Diluted continuing operations	11	**55.2p**	53.6p	43.2p

* The use of the word Group reflects the fact that the results of joint-ventures and associates that are accounted for under the equity method are excluded

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Consolidated balance sheet at December 31, 2006

	Notes	2006 £m	2005 £m
Assets			
Non-current assets			
Intangible assets	12	**1,196.4**	974.2
Property, plant and equipment	13	**2,901.5**	2,735.4
Investments	14	**290.6**	302.3
Receivables	17	**174.8**	182.2
Pension plan surpluses	28	**18.3**	26.9
Deferred tax assets	22	**0.8**	0.7
		4,582.4	4,221.7
Current assets			
Inventories	15	**450.0**	382.4
Trade and other receivables	17	**807.3**	774.8
Tax receivables	22	**10.6**	6.3
Cash and cash equivalents	18	**766.7**	1,083.0
		2,034.6	2,246.5
Assets held for sale	16	**3.0**	8.5
Total assets		**6,620.0**	6,476.7
Liabilities			
Non-current liabilities			
Payables	19	**(69.2)**	(84.0)
Borrowings	20	**(1,339.8)**	(1,161.6)
Provisions	21	**(384.8)**	(448.0)
Pension and post-employment medical plan deficits	28	**(109.2)**	(151.0)
Tax payable	22	**(96.4)**	(101.4)
Deferred tax liabilities	22	**(333.3)**	(256.8)
		(2,332.7)	(2,202.8)

Current liabilities			
Trade and other payables	19	**(628.6)**	(578.5)
Borrowings	20	**(824.2)**	(911.0)
Provisions	21	**(94.9)**	(104.3)
Tax payable	22	**(10.8)**	(7.8)
		(1,558.5)	(1,601.6)
Total liabilities		**(3,891.2)**	(3,804.4)
Net assets		**2,728.8**	2,672.3
Equity			
Called-up share capital	23	**73.7**	73.7
Own shares	24	**(138.4)**	(73.3)
Cash flow hedge reserve	24	**(0.5)**	(3.0)
Cumulative translation reserve	24	**(63.2)**	44.7
Retained earnings	24	**1,879.3**	1,655.5
Other reserves	24	**972.4**	972.4
Attributable to equity holders of the Company		**2,723.3**	2,670.0
Minority interests	24	**5.5**	2.3
Total equity		**2,728.8**	2,672.3

Approved by the Board of Directors on February 22, 2007

Alan Murray Chief Executive

Pavi Binning Finance Director

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Consolidated cash flow statement for the 12 months ended December 31, 2006

		Notes	2006 £m	2005 £m	2004 £m
Cash inflow from operating activities					
Group operating profit before impairments	continuing operations		**529.0**	448.3	400.2
Group operating profit before impairments	discontinued operations	9a		1.0	4.0
			529.0	449.3	404.2
Amortisation of intangible assets		12	**5.4**	3.0	2.5
Depreciation and depletion		13	**217.3**	194.6	191.4
Provisions charged			**20.8**	9.5	6.9
Provisions utilisation			**(63.1)**	(43.8)	(26.1)
Movements in pensions and post-employment medical plan benefits			**(30.6)**	(20.0)	(16.3)
Profit on sale of property, plant and equipment and assets held for sale			**(36.6)**	(15.0)	(6.3)
Increase in inventories			**(69.1)**	(42.3)	(16.5)
Net change in receivables and payables			**(18.4)**	20.1	15.8
Dividends received from joint-ventures and associates			**27.3**	27.9	19.9
Other			**2.8**	8.9	3.5
Net cash inflow from operating activities before interest and tax			**584.8**	592.2	579.0
Interest received			**44.8**	57.3	66.0
Interest paid*			**(120.5)**	(124.2)	(119.2)
Taxation paid			**(63.6)**	(54.1)	(18.3)
			445.5	471.2	507.5
Cash flow from investing activities					
Purchase of property, plant and equipment and other intangible assets			**(288.6)**	(191.8)	(198.6)
Sale of property, plant and equipment and assets held for sale			**48.5**	29.0	18.5
Receipt of government grants			**3.0**		
Purchase of investments#			**(3.3)**	(1.4)	(16.2)

Disposal of investments		**8.1**	36.3	18.4
Acquisition of operations	25	**(558.0)**	(342.9)	(88.4)
Disposal of operations		**5.8**	14.0	59.4
Cash and cash equivalents in operations acquired or disposed of		**8.4**	(1.2)	1.0
		(776.1)	(458.0)	(205.9)
Cash flow from financing activities				
Dividends paid to shareholders	10	**(147.5)**	(136.2)	(127.3)
Dividends paid by subsidiaries to minority interests		**(0.3)**		
Purchase of own shares held in treasury		**(65.7)**	(45.1)	(26.1)
Purchase of shares by ESOP trust	24	**(14.2)**	(6.0)	
Decrease in borrowings (including finance lease payments of £0.7m (£0.7m, £1.0m))	20	**(261.2)**	(439.3)	(445.3)
Increase in borrowings	20	**396.2**	249.1	206.6
		(92.7)	(377.5)	(392.1)
Net cash outflow after financing		**(423.3)**	(364.3)	(90.5)
Exchange movements		**(14.0)**	37.4	(9.0)
Cash and cash equivalents at beginning of year	18	**1,062.1**	1,389.0	1,488.5
Cash and cash equivalents at end of year	18	**624.8**	1,062.1	1,389.0

* Interest paid includes £nil (£2.6m, £nil) in respect of premium paid on the redemption of borrowings and £0.1m (£0.2m, £0.5m) in respect of the interest element of finance lease rental payments
# Purchase of investments includes £2.9m

(£1.4m, £16.9m) in respect of increases in loans to joint-ventures and associates

Disposal of investments includes £8.1m (£5.3m, £13.4m) in respect of decreases in loans to joint-ventures and associates

A reconciliation of net cash outflow after financing to net debt is included in note 20.

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Consolidated statement of recognised income and expense for the 12 months ended December 31, 2006

	Notes	2006 £m	2005 £m	2004 £m
Net gains on cash flow hedges		**3.4**	4.0	
Exchange movements		**(107.9)**	57.0	(12.2)
Transfer of cumulative foreign exchange on disposals to the income statement			(0.1)	0.3
Net actuarial losses in respect of pensions and other post-employment medical benefits	28	**(18.6)**	(8.0)	(25.7)
Tax on items taken directly to equity	8d	**(1.7)**	11.8	4.9
Net (expense)/income recognised directly in equity		**(124.8)**	64.7	(32.7)
Profit for the year		**401.5**	387.6	264.2
Recognised income and expense		**276.7**	452.3	231.5
Restatement for the effects of adopting IAS 39	24		(11.6)	
Total recognised income and expense		**276.7**	440.7	231.5
Attributable to:				
Equity holders of the Company		**275.8**	440.1	231.8
Minority interests		**0.9**	0.6	(0.3)
		276.7	440.7	231.5

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Below are some significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures, including those relating to inflation adjusted information:

1 Accounting policies

Basis of preparation

From January 1, 2005, as required by the European Union s IAS Regulation, the group has prepared its Annual Report and Form 20-F in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 1985. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB). However, the consolidated financial statements for the periods presented would be no different had the Company applied IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

IFRS differs in certain respects from US generally accepted accounting principles, a reconciliation to which is included in note 32 of the Notes to the accounts. A summary of the group s key accounting policies is set out below.

The financial statements have been prepared using the historical cost convention except where the measurements of balances at fair value is required as explained below.

Basis of consolidation

The accounting reference date of the Company is December 31. The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries together with the group s share of the results of joint-ventures and associates using the equity method of accounting. Within the income statement, the group s share of results of joint-ventures and associates is stated after interest and taxation.

appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

For awards evaluated on non-market conditions or with no performance criteria, an expense is ultimately only recognised for awards which vest. Where an award is dependent upon a market condition, the cost of the award is recognised irrespective of whether the award vests unless the employee leaves during the vesting period. At each balance sheet date, the cumulative expense is calculated representing the extent to which the vesting period has expired and management s best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

The cost of cash-settled transactions is measured at fair value using a binomial model. During the vesting period, a liability is recognised based on the portion of the vesting period expired at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date.

Intangible assets

Goodwill arising on acquisitions completed prior to January 1, 1998 was written off directly to reserves. From January 1, 1998 to December 31, 2003, all acquired goodwill was capitalised and amortised over a period not exceeding 20 years. On transition to IFRS, on January 1, 2004, the carrying value of goodwill relating to acquisitions was taken as its deemed cost at that date. Since that date under IFRS, goodwill is capitalised and is not amortised but is reviewed annually for impairment.

Intangible assets other than goodwill, which are capable of being recognised separately and measured reliably on acquisition of a business, are capitalised at fair value on acquisition. Expenditure on computer software which is deemed not to be integral to the computer hardware is capitalised at cost. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with a finite life are amortised on a straight line basis over their useful lives. Intangible assets with an indefinite life are not amortised but reviewed annually for impairment.

Business combinations

The results of businesses acquired are dealt with in the consolidated accounts from the date of acquisition. Upon the acquisition of a business, the fair values that reflect their condition at the date of acquisition are attributed to the identifiable assets (including separately identifiable intangible assets) acquired and liabilities and contingent liabilities assumed. Adjustments are also made to bring the accounting policies of businesses acquired into alignment with those of the group. Where the consideration paid for a business exceeds the fair value of net assets acquired and liabilities and contingent liabilities assumed, the difference is treated as goodwill.

Property, plant and equipment (including mineral reserves)

Property, plant and equipment is shown at cost less depreciation,

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period.

Turnover

Turnover is recognised by the group when the risks and rewards associated with the transaction have been transferred to the purchaser, which is demonstrated when all the following conditions are met: evidence of a binding arrangement exists (generally, purchase orders), products have been delivered or services have been rendered, there is no future performance required and amounts are collectable under normal payment terms. Turnover represents the net amounts charged or chargeable in respect of services rendered and products delivered, excluding inter company sales, value added tax and other sales taxes. Turnover is recognised net of any discounts given to the customer.

Freight and distribution costs

Freight and distribution costs incurred are included in the income statement as part of costs and overheads. Freight and distribution costs that are re-charged to customers are included in the income statement as part of turnover.

Research, development and exploration expenditure

Expenditure on development and improvement of new and existing products that do not meet the recognition criteria of an asset are expensed as incurred. Research costs are expensed as incurred. Where costs associated with the exploration for and evaluation of mineral reserves do not meet the recognition criteria of an asset, the expenditure is expensed as incurred.

Advertising costs

Expenditure on advertising is expensed in full in the period in which it is incurred.

Share-based payments

The cost of equity-settled transactions with employees, for awards granted after November 7, 2002, is measured at fair value on the date of grant and is

depletion and any impairments. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Costs to develop new commercial aggregates deposits and for major development programmes at existing sites are capitalised and amortised over the life of the quarry. Repair and maintenance costs are charged to costs and overheads as incurred. Finance costs relating to the purchase of property, plant and equipment are not capitalised but are expensed as incurred. Exchanges of assets are measured at fair value of the asset given up unless the exchange transaction lacks commercial substance.

No depreciation is provided on freehold land except for mineral reserves which are depleted on the basis of tonnage extracted. Depreciation of other property, plant and equipment is calculated to write off their cost over their expected useful lives allowing for estimated residual value. The majority of property, plant and equipment is written off on a straight line basis over the following periods:

Plant and equipment	2-30 years
Land, buildings and natural resources	up to 50 years

recognised as an expense over the vesting period. Fair value is determined by an external valuer using an

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1 Accounting policies *continued*

Assets held under leases
Assets held under finance leases are included within property, plant and equipment at the capitalised value of the future minimum lease payments and are depreciated over the shorter of their lease period and their useful life. The capital element of the future payments is treated as a liability and the interest element is charged to the income statement so as to reflect a constant annual rate of interest on the remaining balance of the outstanding obligation. Rentals paid on operating leases are charged to the income statement on a straight line basis over the shorter of the lease period and the useful life of the leased asset.

The group determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to Hanson in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for as such.

Asset impairment
Intangible assets and property, plant and equipment are reviewed, at least annually, to ensure that assets are not carried above their recoverable amounts. Where some indication of impairment exists, detailed calculations are made of the discounted cash flows resulting from continued use of the assets (value in use) or from their disposal (fair value less costs to sell). Where these values are less than the carrying amount of the assets, an impairment loss is charged to the income statement.

Investments in joint-ventures and associates
The group s investments in its joint-ventures and associates are accounted for under the equity method of accounting.

Under the equity method, the investment in the joint-venture or associate is carried in the balance sheet at cost plus post-acquisition changes in the group s share of net assets of the joint-venture or associate. Goodwill relating to a joint-venture or associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment loss with respect to the group s net investment in the joint-venture or associate. The income statement amount reflects the share of the results, after interest and tax, of operations of the joint-ventures and associates. Where there has been a change recognised directly in the equity of the joint-venture or associate, the group recognises its share of any change and discloses this in the reconciliation of changes in total equity, and where appropriate, in the consolidated statement of recognised financing of those activities. Derivative financial instruments are not held for trading purposes. Derivative financial instruments are used for managing financial risks as follows:

- Forward exchange contracts are used as balance sheet hedging instruments to hedge foreign currency net assets held overseas and to hedge highly probable future foreign currency cash flows.
- Interest rate swaps are used to hedge the group s exposure to movements in interest rates.
- Commodity swaps are used to hedge against the group s exposure to changes in energy prices.

Under IAS 39, derivative financial instruments are always measured at fair value, with hedge accounting employed in respect of those derivatives fulfilling the stringent requirements for hedge accounting as prescribed under the standard. In summary, these criteria relate to initial designation and documentation of the hedge relationship, prospective testing of the relationship to demonstrate the expectation that the hedge will be highly effective throughout its life, and subsequent retrospective testing of the hedge to verify effectiveness. The accounting treatment for the group s hedge relationships are described by class below. Hedge effectiveness is reviewed regularly. If a hedge becomes ineffective, hedge accounting ceases to apply and subsequent changes in fair values of the derivative are recognised in the income statement.

Fair value hedges
The group uses interest rate swaps to hedge the group s exposure to changes in the fair value of fixed rate debt as a result of interest rate movements. The carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. For effective hedges, changes in the fair values of both the hedge and the portion of the hedged item covered by the hedge are recognised in the income statement. If a hedge becomes ineffective, the hedged item ceases to be remeasured with subsequent changes in fair value. Instead, the portion of its carrying value relating to previous changes in fair value is amortised over its remaining life.

Cash flow hedges
The group uses interest rate swaps to hedge its exposure to floating rate debt, foreign exchange contracts as cash flow hedges to manage its exposure to currency fluctuations on its future cash flows and commodity swaps to manage its exposure to fluctuations in energy prices. For effective cash flow hedges changes in the fair value of the hedge are recognised in equity, they are recycled through the income statement in the same period during which the hedged item impacts the income statement. For hedges that become ineffective the amount previously recognised in equity is recycled to the income statement. Where the underlying hedged item is no longer expected to occur, this recycling is effected immediately. If the underlying hedged item is still expected to occur then the recycling from equity happens

income and expense

Inventories and receivables
Inventories are stated at the lower of cost and net realisable value, on a first in first out basis. Cost includes raw materials, direct labour and expenses, and an appropriate proportion of production and other overheads. Full provision is made against slow moving inventories based on historical experience and current market conditions. Receivables are stated after deducting a provision for doubtful debts.

Government grants
Grants received from governments for the acquisition of assets are recognised only when there is reasonable assurance that they will be received and any conditions attached to them have been fulfilled. The grant is held on the balance sheet within accrued income and released to the income statement over the periods necessary to match the related depreciation charges or other expenses of the asset as they are incurred.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and current balances with banks and other similar institutions, which are readily convertible into known cash amounts and which are subject to insignificant risk of changes in value and have a maturity of three months or less at the date of inception. For the purposes of the cash flow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of bank overdrafts.

Derivatives, financial instruments, interest bearing loans and borrowings
Derivative financial instruments are used to manage the financial risks arising from the business activities of the group and the

when the forecast transaction occurs.

Net investment hedges
Currency borrowings and forward exchange contracts are used as balance sheet hedging instruments to hedge foreign currency net assets held overseas. Forward exchange contracts are initially valued at the forward element of the contract and any subsequent movement in its valuation is recognised directly in the income statement. The spot element forms the net investment hedge relationship, and any movement in its valuation, so long as the relationship is effective, is recognised in equity. If the hedge becomes ineffective, movements in the valuation of the spot element are recognised directly in the income statement. On disposal of a foreign currency investment, the cumulative gains and losses are recycled from equity to the extent that they related to hedges of the investment being disposed.

Provisions
General
Provisions for non-current obligations are discounted using a pre-tax rate that reflects current market assessments. The unwinding of the discount on provisions is included within finance costs along with the effect on the provision of changes in the discount rate.

Asset retirement obligations
A provision is recognised for the present value of estimated asset retirement costs in the period in which the obligation arises. The estimated future cost is reassessed over the life of the underlying tangible asset. An asset representing the future cost of dismantling facilities, where the group has a legal or constructive obligation, is recorded and depreciated over its useful life. Changes in the timing or amount of the estimated cost of the obligation are added or

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1 Accounting policies *continued*

deducted to the cost of the related tangible asset. Other reclamation costs associated with the restoration of sites, following the extraction of aggregates and clay, are expensed as incurred.Provisions are classified as current when they are expected to be settled within 12 months of the balance sheet date.

Pensions and other post-employment benefits
The group s current and past service cost for defined benefit schemes is charged to operating profit. Interest on the defined benefit schemes obligations and the expected return on the schemes assets are recognised in net finance costs. Actuarial gains and losses are recognised directly in equity through the statement of recognised income and expense so that the group s balance sheet reflects the fair value of the schemes surpluses or deficits as at the balance sheet date.Contributions to defined contribution schemes are charged to operating profit as they become payable. Multi-employer schemes are accounted for as defined contribution schemes, where the group is unable to obtain adequate information regarding its share of the schemes assets and liabilities to account for these as defined benefit schemes.

Taxation
The tax charge represents the sum of the current tax charge and the movement in deferred tax recognised in the income statement. The current tax charge is based on taxable profit for the period, and prior period adjustments. Taxable profit differs from net profit as reported in the consolidated income statement because items of income or expense can be taxable or deductible in other years and it further excludes items that are not taxable or deductible.Except as noted below, deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the carrying value of assets and liabilities in the consolidated balance sheet and their tax bases. The amount of deferred tax reflects the expected recoverable or payable amount and is based on the expected manner of realisation or settlement of the asset or liability.

Deferred tax is not provided to the extent that the temporary differences arise from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- temporary differences in respect of the unremitted earnings of subsidiaries, joint-ventures and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable

Foreign currencies
Cumulative average rates of exchange ruling during the year have been used to translate the income statements of overseas subsidiaries, joint-ventures and associates from their functional currency. Transactions which do not take place in an entity s functional currency are converted at the spot rate.

Monetary assets and liabilities denominated in foreign currencies are retranslated from their functional currency at balance sheet exchange rates. The balance sheets of overseas subsidiaries, joint-ventures and associates are translated at rates ruling at the balance sheet date from their functional currency. Differences on translation arising from changes in the sterling value of overseas net assets, related foreign currency loans, foreign exchange contracts and currency swaps at the beginning of the financial accounting year, or at the date of any later capital currency conversions, together with the differences between income statements translated at average rates and at balance sheet rates, are shown as a movement on reserves and in the statement of recognised income and expense. Other exchange rate differences are dealt with in the income statement for the year.

Dividends
Dividends attributable to the equity holders of the Company declared during the year are recognised directly in equity. Interim dividends are recognised when paid.

New IFRS standards and interpretations adopted during 2006
In 2006, the following standards became effective and were adopted by the group:

- IFRS 6 Exploration for and Evaluation of Mineral Assets
- IFRS 6 Amendment relating to IFRS 6
- IAS 21 Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation
- IAS 39 Amendment to IAS 39 Fair Value Option
- IAS 39 Amendment to IAS 39 Cash Flow Hedge Accounting
- IAS 39 Amendment to IAS 39 and IFRS 4 Financial Guarantee Contracts
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from participating in a Specific Market Waste Electrical and Electronic Equipment

The adoption of these standards has not had a significant impact on the results of the group in 2006.

New IFRS standards and interpretations not adopted

future.

A deferred tax asset is recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits to the extent it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are measured, on an undiscounted basis, at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Own Shares

Own equity instruments which are reacquired (treasury shares and ESOP shares) are deducted from equity at the acquisition cost including transaction costs. ESOP shares are used to satisfy the Company s share based payment awards. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company s own equity instruments.

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the group, all of which are effective January 1, 2007 with the exception of IFRIC 12 Service Concession Agreements which is effective January 1, 2008 and IFRS 8 Operating Segments which is effective January 1, 2009:

IFRS 7 Financial Instruments: Disclosure
IFRS 8 Operating Segments
IAS 1 Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures
IFRIC 7 Applying IAS 29 Financial Reporting in Hyperinflationary Economies for the First Time
IFRIC 8 Scope of IFRS 2
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 10 Interim Financial Reporting and Impairment
IFRIC 11 IFRS 2 Group and Treasury Share Transactions
IFRIC 12 Service Concession Agreements

The group does not anticipate that the adoption of these standards and interpretations will have a material effect on its financial statements on initial adoption. Upon adoption of IFRS 7, the group will be required to disclose additional information about its financial instruments, their significance and the nature and extent of the risks to which they give rise, together with greater detail as to the fair value of its financial instruments and its risk exposure. There will be no effect on reported income or net assets. Apart from IFRS 7 and the IAS 1 Amendment, all the new standards and interpretations identified have yet to be adopted by the EU and the group assumes they will be adopted in their current form, in line with the published timetable.

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Notes to the accounts for the 12 months ended December 31, 2006

2 Segmental analysis

The group s primary segments are the trading operations of North America, UK, Australia, Asia Pacific and Continental Europe. These operations are organised and managed separately according to the geographic location of their assets and economic environment. There are no significant transactions occurring between the primary segments.

There are two secondary business segments, Aggregates and Building Products. The major products for each secondary segment, which differ slightly between countries, are as follows:

Aggregates crushed rock and sand and gravel, asphalt, cement and ready-mixed concrete.

Building products bricks, concrete pipe and products, concrete flooring, precast concrete and roofing tiles.

Hanson s business operations, as shown below, are managed using a combination of primary and secondary structures in eight distinct segments, including the corporate office and related costs that are described as Central.

The group s primary segmental performance measure is Operating profit before impairments .

Segmental analysis for the 12 months ended December 31

a) Group turnover

	2006	2005	2004
	£m	£m	£m
North America			
Aggregates	**1,131.3**	980.6	897.3
Building Products	**869.1**	753.7	647.4
	2,000.4	1,734.3	1,544.7
UK			
Aggregates	**867.0**	811.5	771.9
Building Products	**382.8**	368.2	300.7
	1,249.8	1,179.7	1,072.6
Australia and Asia Pacific			
Australia	**489.1**	464.6	413.2
Asia Pacific	**119.6**	108.4	124.5
	608.7	573.0	537.7
Continental Europe	**273.8**	228.7	228.0

Continuing operations	**4,132.7**	3,715.7	3,383.0
Discontinued		24.0	81.3
	4,132.7	3,739.7	3,464.3

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Notes to the accounts for the 12 months ended December 31, 2006

2 Segmental Analysis contiued

b) Operating profit

	2006	2006	2006	2006	2006
	Group operating profit before impairments	Share of joint-ventures and associates profit after tax	Operating profit before impairments	Operating impairments	Operating profit
	£m	£m	£m	£m	£m
North America					
Aggregates	177.2	3.7	180.9	(4.1)	176.8
Building Products	141.5	0.3	141.8		141.8
	318.7	4.0	322.7	(4.1)	318.6
UK					
Aggregates	113.6	9.6	123.2		123.2
Building Products	43.0		43.0		43.0
	156.6	9.6	166.2		166.2
Australia and Asia Pacific					
Australia	62.1	15.5	77.6		77.6
Asia Pacific	6.3	4.6	10.9		10.9
	68.4	20.1	88.5		88.5
Continental Europe	21.8		21.8		21.8
Central	(36.5)		(36.5)		(36.5)
Continuing Operations	529.0	33.7	562.7	(4.1)	558.6
Discontinued					
	529.0	33.7	562.7	(4.1)	558.6

2005	2005	2005	2005	2005
Group operating profit before	Share of joint-ventures and	Operating profit before impairments	Operating impairments	Operating profit

	impairments	associates profit after tax			
	£m	£m	£m	£m	£m
North America					
Aggregates	138.1	0.3	138.4	(1.6)	136.8
Building Products	124.4	1.3	125.7		125.7
	262.5	1.6	264.1	(1.6)	262.5
UK					
Aggregates	96.9	11.9	108.8	(0.6)	108.2
Building Products	37.8		37.8		37.8
	134.7	11.9	146.6	(0.6)	146.0
Australia and Asia Pacific					
Australia	57.3	24.3	81.6		81.6
Asia Pacific	5.4	2.7	8.1		8.1
	62.7	27.0	89.7		89.7
Continental Europe	19.9		19.9	(1.8)	18.1
Central	(31.5)		(31.5)		(31.5)
Continuing Operations	448.3	40.5	488.8	(4.0)	484.8
Discontinued	1.0	2.6	3.6		3.6
	449.3	43.1	492.4	(4.0)	488.4

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Notes to the accounts for the 12 months ended December 31, 2006

2 Segmental Analysis contiued

	2004	2004	2004	2004	2004
	Group operating profit before impairments	Share of joint-ventures and associates profit after tax	Operating profit before impairments	Operating impairments	Operating profit
	£m	£m	£m	£m	£m
North America					
Aggregates	126.7	0.9	127.6		127.6
Building Products	111.2		111.2		111.2
	237.9	0.9	238.8		238.8
UK					
Aggregates	62.2	12.3	74.5	(20.7)	53.8
Building Products	36.8		36.8		36.8
	99.0	12.3	111.3	(20.7)	90.6
Australia and Asia Pacific					
Australia	56.0	10.5	66.5		66.5
Asia Pacific	6.1	(0.5)	5.6	(4.9)	0.7
	62.1	10.0	72.1	(4.9)	67.2
Continental Europe	23.9		23.9	(3.7)	20.2
Central	(22.7)		(22.7)		(22.7)
Continuing Operations	400.2	23.2	423.4	(29.3)	394.1
Discontinued	4.0	3.2	7.2	(21.9)	(14.7)
	404.2	26.4	430.6	(51.2)	379.4

Total revenue of £4,176.6m (£3,799.8m, £3,504.3m) includes group turnover from continuing operations of £4,132.7m (£3,715.7m, £3,383.0m), group turnover from discontinued operations of £nil (£24.0m, £81.3m) and interest receivable and similar income of £43.9m (£60.1m, £40.0m).

c) Joint-ventures and associates

	2006	**2006**	2005	2005	2004	2004
	Turnover	**Operating profit**	Turnover	Operating profit	Turnover	Operating profit
	£m	**£m**	£m	£m	£m	£m
North America						
Aggregates	**26.9**	**4.4**	2.4	0.6	1.6	1.1
Building Products	**1.2**	**0.3**	4.6	1.3	0.9	
	28.1	**4.7**	7.0	1.9	2.5	1.1
UK						
Aggregates	**107.8**	**14.2**	111.6	16.9	106.6	17.5
Building Products						
	107.8	**14.2**	111.6	16.9	106.6	17.5
Australia and Asia Pacific						
Australia	**191.9**	**22.9**	179.8	24.1	166.5	17.6
Asia Pacific	**33.8**	**5.7**	16.0	3.3	16.6	(0.5)
	225.7	**28.6**	195.8	27.4	183.1	17.1
Continental Europe			1.3		2.0	
Continuing Operations	**361.6**	**47.5**	315.7	46.2	294.2	35.7
Discontinued			29.2	2.6	51.8	3.2
	361.6	**47.5**	344.9	48.8	346.0	38.9

	2006	2005	2004
	£m	£m	£m
Continuing operating profit from joint-ventures and associates	**47.5**	46.2	35.7
Net finance costs	**(4.6)**	(3.5)	(3.2)
Tax	**(9.2)**	(2.2)	(9.3)
Continuing profit after tax from joint-ventures and associates	**33.7**	40.5	23.2

Included within the 2005 joint-ventures and associates tax charge of £2.2m is a benefit of £6.6m following a change in Australian tax laws.

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Notes to the accounts for the 12 months ended December 31, 2006

2 Segmental analysis continued

d) Analysis of property profits, depletion, depreciation, amortisation and capital expenditure

	2006	2006	2006	2006	2006	2006
	Property profits	Depletion	Depreciation	Amortisation of other intangible assets	Additions to property, plant and equipment	Additions to other intangible assets
	£m	£m	£m	£m	£m	£m
North America						
Aggregates	3.0	16.3	70.1	1.6	90.7	0.3
Building Products	0.2		31.5	0.9	84.9	2.6
	3.2	16.3	101.6	2.5	175.6	2.9
UK						
Aggregates	9.6	6.9	34.9	0.7	40.3	1.8
Building Products	9.8	1.5	13.9	1.7	18.5	
	19.4	8.4	48.8	2.4	58.8	1.8
Australia and Asia Pacific						
Australia	10.1	4.6	24.4		41.5	
Asia Pacific		0.5	3.2		2.2	
	10.1	5.1	27.6		43.7	
Continental Europe		2.3	7.1	0.1	13.3	
Central			0.1	0.4		1.3
Continuing Operations	32.7	32.1	185.2	5.4	291.4	6.0
Discontinued	0.9					
	33.6	32.1	185.2	5.4	291.4	6.0

	2005	2005	2005	2005	2005	2005

	Property profits	Depletion	Depreciation	Amortisation of other intangible assets	Additions to property, plant and equipment	Additions to other intangible assets
	£m	£m	£m	£m	£m	£m
North America						
Aggregates	2.4	18.4	59.5	1.5	69.4	4.1
Building Products	0.5		26.3	0.2	40.7	
	2.9	18.4	85.8	1.7	110.1	4.1
UK						
Aggregates	8.0	7.2	30.0		23.1	3.4
Building Products	3.0	1.6	11.6	1.2	16.8	
	11.0	8.8	41.6	1.2	39.9	3.4
Australia and Asia Pacific						
Australia	1.0	4.6	23.4		31.6	
Asia Pacific		0.4	3.4		1.0	
	1.0	5.0	26.8		32.6	
Continental Europe		1.3	6.5	0.1	13.3	0.1
Central			0.1		0.2	0.8
Continuing Operations	14.9	33.5	160.8	3.0	196.1	8.4
Discontinued			0.3			
	14.9	33.5	161.1	3.0	196.1	8.4

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Notes to the accounts for the 12 months ended December 31, 2006

2 Segmental analysis continued

	2004	2004	2004	2004	2004	2004
	Property profits	Depletion	Depreciation	Amortisation of other intangible assets	Additions to property, plant and equipment	Additions to other intangible assets
	£m	£m	£m	£m	£m	£m
North America						
Aggregates	14.3	19.5	57.0	2.1	74.6	1.9
Building Products			22.5	0.3	38.2	
	14.3	19.5	79.5	2.4	112.8	1.9
UK						
Aggregates	1.9	6.9	30.8		35.6	
Building Products	3.2	1.6	8.1		16.1	
	5.1	8.5	38.9		51.7	
Australia and Asia Pacific						
Australia	1.7	5.4	22.3		26.4	
Asia Pacific		1.1	5.4		2.4	
	1.7	6.5	27.7		28.8	
Continental Europe	0.3	1.7	7.5	0.1	7.6	
Central					0.2	
Continuing Operations	21.4	36.2	153.6	2.5	201.1	1.9
Discontinued		0.1	1.5		1.9	
	21.4	36.3	155.1	2.5	203.0	1.9

e) Analysis of assets and liabilities

	2006	2006	2006	2006	2006	2006	2006	2006

	Goodwill	Joint-ventures and associates	Long-lived assets	Disposal groups held for sale	Other assets held for sale	Total assets	Total liabilities	Net assets
	£m	£m	£m	£m	£m	£m	£m	£m
North America								
Aggregates	250.7	24.6	1,420.0		0.2	1,719.8	(241.5)	1,478.3
Building Products	277.5	0.2	628.6			910.1	(139.0)	771.1
	528.2	24.8	2,048.6		0.2	2,629.9	(380.5)	2,249.4
UK								
Aggregates	250.4	85.3	1,022.9		0.7	1,263.7	(187.4)	1,076.3
Building Products	150.9		503.0		0.7	657.1	(92.3)	564.8
	401.3	85.3	1,525.9		1.4	1,920.8	(279.7)	1,641.1
Australia and Asia Pacific								
Australia	137.7	131.0	581.1		1.4	689.5	(80.9)	608.6
Asia Pacific	33.7	49.1	94.7			130.3	(23.8)	106.5
	171.4	180.1	675.8		1.4	819.8	(104.7)	715.1
Continental Europe	42.1	0.3	135.9			254.6	(90.5)	164.1
	1,143.0	290.5	4,386.2		3.0	5,625.1	(855.4)	4,769.7
Central			2.3			994.9	(3,035.8)	(2,040.9)
Continuing Operations	1,143.0	290.5	4,388.5		3.0	6,620.0	(3,891.2)	2,728.8
Discontinued								
	1,143.0	290.5	4,388.5		3.0	6,620.0	(3,891.2)	2,728.8

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Notes to the accounts for the 12 months ended December 31, 2006

2 **Segmental analysis** continued

	2005	2005	2005	2005	2005	2005	2005	2005
	Goodwill	Joint-ventures and associates	Long-lived assets	Disposal groups held for sale	Other assets held for sale	Total assets	Total liabilities	Net assets
	£m	£m	£m	£m	£m	£m	£m	£m
North America								
Aggregates	229.5	24.6	1,368.2			1,659.6	(275.5)	1,384.1
Building Products	272.6	0.9	577.3			830.9	(130.5)	700.4
	502.1	25.5	1,945.5			2,490.5	(406.0)	2,084.5
UK								
Aggregates	93.4	85.6	786.5		1.8	1,011.1	(187.2)	823.9
Building Products	134.1		470.8	3.5	0.6	590.8	(86.7)	504.1
	227.5	85.6	1,257.3	3.5	2.4	1,601.9	(273.9)	1,328.0
Australia and Asia Pacific								
Australia	146.0	137.1	602.8		2.3	701.4	(82.1)	619.3
Asia Pacific	34.3	53.6	102.5			140.7	(22.4)	118.3
	180.3	190.7	705.3		2.3	842.1	(104.5)	737.6
Continental Europe	22.8	0.3	102.1			197.7	(71.7)	126.0
	932.7	302.1	4,010.2	3.5	4.7	5,132.2	(856.1)	4,276.1
Central			1.7		0.3	1,341.0	(2,948.3)	(1,607.3)
Continuing Operations	932.7	302.1	4,011.9	3.5	5.0	6,473.2	(3,804.4)	2,668.8
Discontinued						3.5		3.5
	932.7	302.1	4,011.9	3.5	5.0	6,476.7	(3,804.4)	2,672.3

Long-lived assets represent intangible assets, property, plant and equipment, and investments.

f) Analysis of turnover, total assets and capital expenditure by secondary segments

	2006	**2006**	**2006**	**2006**
	Turnover	**Total Assets**	**Additions to property, plant and equipment**	**Additions to other intangible assets**
	£m	**£m**	**£m**	**£m**
Aggregates	**2,834.1**	**4,021.3**	**186.7**	**2.1**
Building Products	**1,298.6**	**1,603.8**	**104.7**	**2.6**
Central		**994.9**		**1.3**
Continuing Operations	**4,132.7**	**6,620.0**	**291.4**	**6.0**

	2005	2005	2005	2005
	Turnover	Total Assets	Additions to property, plant and equipment	Additions to other intangible assets
	£m	£m	£m	£m
Aggregates	2,545.2	3,670.2	135.4	7.6
Building Products	1,170.5	1,462.0	60.5	
Central		1,341.0	0.2	0.8
Continuing Operations	3,715.7	6,473.2	196.1	8.4

	2004	2004	2004	2004
	Turnover	Total Assets	Additions to property, plant and equipment	Additions to other intangible assets
	£m	£m	£m	£m
Aggregates	2,403.4	3,414.4	145.5	1.9
Building Products	979.6	1,009.0	55.4	
Central		1,695.5	0.2	
Continuing Operations	3,383.0	6,118.9	201.1	1.9

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Notes to the accounts for the 12 months ended December 31, 2006

3 Group operating profit before impairments

Costs and overheads of continuing operations include:	Notes	2006 £m	2005 £m	2004 £m
Cost of inventories recognised as an expense		**1,090.5**	1,035.4	898.6
Inventories written down		**19.2**	5.5	4.2
Reversal of inventory write downs		**(8.9)**	(6.2)	(6.1)
Receivables written down		**6.6**	6.7	14.6
Employment costs	4	**814.6**	692.3	645.5
Depreciation and depletion of owned assets		**215.8**	193.2	188.3
Depreciation of finance leased assets		**1.5**	1.1	1.5
Amortisation of other intangible assets	2d	**5.4**	3.0	2.5
Research and development costs		**2.0**	1.1	1.8
Advertising costs		**4.1**	4.9	3.8
Leasing costs				
Minimum lease payments		**27.0**	30.0	24.5
Contingent lease payments		**2.1**	0.2	2.2
		29.1	30.2	26.7
Less: sublease rental income		**(2.9)**	(4.2)	(3.5)
		26.2	26.0	23.2
Represented by:				
Operating lease rentals land and buildings		**16.9**	17.1	15.1
Operating lease rentals plant and equipment		**9.3**	8.9	8.1
		26.2	26.0	23.2
Remuneration of auditors				
Group audit		**0.8**	0.8	0.8

Other services:			
Audit of accounts of subsidiary undertakings of the Company pursuant to legislation	**1.9**	2.0	1.9
Other services supplied pursuant to legislation	**1.3**	1.6	2.1
Other services relating to taxation	**0.3**	0.2	0.9
All other services	**0.1**	0.5	0.5
	3.6	4.3	5.4
Total payments to auditors	**4.4**	5.1	6.2

In addition to the fees disclosed in audit related fees, Ernst & Young LLP has provided audit services for various pension plans sponsored by Hanson. The total fees paid to Ernst & Young LLP by either Hanson or the relevant pension trustees were £0.1m (£0.1m, £0.1m).

4 Directors and employees

	2006	2005	2004
Total employment costs	**£m**	£m	£m
Wages and salaries	**699.5**	598.7	557.9
Termination benefits	**10.4**	1.1	2.2
Employers social security costs	**51.1**	46.6	44.0
Pension costs	**52.9**	47.0	48.5
Post-employment medical benefits	**0.7**	1.1	1.1
	814.6	694.5	653.7
Attributable to:			
Continuing operations	**814.6**	692.3	645.5
Discontinued operations		2.2	8.2
	814.6	694.5	653.7

The group s key management personnel as defined by IAS 24 Related Party Disclosures are the Board of Directors. Included within wages and salaries above is £0.9m (£1.0m, £0.6m) in relation to the share-based payment expense for Directors. Details of the rest of the Directors emoluments and remuneration for each Director which form part of these accounts are given in the auditable part of the Remuneration report.

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Notes to the accounts for the 12 months ended December 31, 2006

4 Directors and employees continued

The table below analyses the distribution of the average number of employees by division and by geographic location to the nearest 100 employees excluding joint-ventures and associates.

	2006	2005	2004
Average number of persons employed during the year			
North America			
Aggregates	**6,200**	5,600	5,400
Building Products	**7,300**	6,800	6,300
	13,500	12,400	11,700
UK			
Aggregates	**3,200**	3,200	3,700
Building Products	**3,100**	3,100	2,600
	6,300	6,300	6,300
Australia and Asia Pacific			
Australia	**2,900**	2,800	2,600
Asia Pacific	**1,300**	1,400	1,700
	4,200	4,200	4,300
Continental Europe	**1,200**	1,200	1,300
Central	**200**	200	100
Discontinued		100	800
	25,400	24,400	24,500
By geographical location			
North America	**13,500**	12,400	11,700
UK	**6,500**	6,500	6,400
Australia	**2,900**	2,800	2,600
Continental Europe	**1,200**	1,200	1,300
Asia	**1,300**	1,400	1,700

Discontinued		100	800
	25,400	24,400	24,500

The total number of employees at the year end was 25,900 (24,300, 23,800) excluding joint-ventures and associates.

5 Share-based payments

Included within wages and salaries in note 4 is an expense arising from share-based payment transactions of £11.7m (£7.6m, £4.9m) all of which relates to equity-settled share-based payments. Details of each of the employee share plans in place are given below and where applicable in the Remuneration report.

Long Term Incentive Plan
The group operates a Long Term Incentive Plan (LTIP) under which awards of shares are made, on a conditional basis, subject to performance measurements over a three year period. The vesting of 50% of each award is dependent on total shareholder return (TSR) achieved by Hanson, measured by reference to a comparator group of companies. As relative TSR is defined as a market condition, a Monte Carlo simulation model has been applied. Further details in relation to the TSR measurement are provided in the Remuneration report. The remaining 50% of each award is dependent on non-market conditions and has therefore been valued using a Black-Scholes model. For the 2006 award, 25% is dependent on cash flow growth performance and 25% is dependent on earnings per share growth performance, whereas previous awards are dependent on an economic value added measure as the non-market condition. Awards are equity settled and where the performance measurement targets are attained in part or in full, vested shares are distributed to LTIP participants as soon as practicable after the end of the performance period.

The expense recognised in the income statement in the year from the LTIP is £9.9m (£6.1m, £4.1m). Conditional awards were made over 2,387,057 ordinary shares on May 2, 2006 which will vest, subject to the performance measurement targets being attained, on May 2, 2009. The weighted average fair value of each share award granted is £5.01 (£3.45, £3.01). The fair value of total awards granted during the year is £12.0m (£10.8m, £10.9m).

The following table illustrates the number of, and movements in, share awards during the year under the LTIP:

	2006	2005	2004
	Number outstanding	Number outstanding	Number outstanding
	000	000	000
At January 1	**11,036.2**	11,489.8	11,604.2
Awarded	**2,387.1**	3,139.4	3,620.2
Forfeited	**(570.0)**	(518.5)	(892.4)
Expired	**(2,155.6)**	(2,306.9)	(1,729.2)
Vested	**(2,682.8)**	(767.6)	(1,113.0)
At December 31	**8,014.9**	11,036.2	11,489.8

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Notes to the accounts for the 12 months ended December 31, 2006

5 Share-based payments continued

Share Option Plan
The group also operates a discretionary Share Option Plan. No options were granted during 2006 and no further grants of options will be made under this plan, the last grant having been made in 2005. Under the plan participants were granted options over a number of shares subject to the achievement of performance targets over a three year performance period. 50% of the option grant is dependent on TSR performance measure and therefore valued using a Monte Carlo simulation model. The remaining 50% of the option grant is dependent on an economic value added measure which has been valued using a Black-Scholes model. Options which have vested will ordinarily remain exercisable at any time up to 10 years from the date of grant and are settled by the issuance of equity once exercised.

The expense recognised in the income statement in the year from the Share Option Plan is £0.6m (£0.6m, £0.4m).

The following table illustrates the number and weighted average exercise prices of, and movements in, shares under option during the year under the plan:

	2006	**2006**	2005	2005	2004	2004
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
	'000	**pence**	'000	pence	'000	pence
At January 1	**2,927.1**	**397.0**	3,207.5	392.2	3,052.0	391.5
Granted			647.6	514.3	784.7	439.6
Forfeited	**(167.6)**	**474.8**	(744.4)	460.5	(629.2)	447.9
Expired	**(545.9)**	**292.7**	(50.0)	473.3		
Exercised	**(798.1)**	**352.4**	(133.6)	467.6		
At December 31	**1,415.5**	**453.2**	2,927.1	397.0	3,207.5	392.2
Exercisable at December 31	**225.3**	**336.3**	345.5	467.3	282.8	473.3

Range of exercise prices for the Share Option Plan (pence per share):

Options outstanding			Options exercisable		
Number outstanding	Weighted average remaining contract life	Weighted average exercise price	Number exercisable	Weighted average remaining contract life	Weighted average exercise price

	'000	years	pence	'000	years	pence
2006:						
290.4p-461.8p	789.1	7.0	407.9	185.4	6.1	306.8
461.9p-514.3p	626.4	7.8	510.2	39.9	4.6	473.3
	1,415.5	7.3	453.2	225.3	5.8	336.3
2005:						
290.4p-461.8p	1,934.0	7.5	345.2	180.7		461.8
461.9p-514.3p	993.1	8.0	497.9	164.8	5.8	473.3
	2,927.1	7.7	397.0	345.5	5.8	467.3
2004:						
290.4p-461.8p	1,939.5	8.2	345.0			
461.9p-514.3p	1,268.0	6.9	464.3	282.8	6.3	473.3
	3,207.5	7.7	392.2	282.8	6.3	473.3

Sharesave Scheme

The group also operates a UK HM Revenue & Customs approved savings related Sharesave Scheme available to all UK employees. Options are granted at a discount of up to 20% of the market price at the date of invitation to participate over three, five or seven year savings contracts and options are exercisable during the six month period following completion of the savings contract. Options are valued using a Black-Scholes model.

During 2006, options were granted over 837,502 shares which will ordinarily be exercisable at an exercise price of 611.0p per share during the period; June 1 to November 30, 2009 for the three year savings contract; June 1 to November 30, 2011 for the five year savings contract; and June 1 to November 30, 2013 for the seven year savings contract. The weighted average fair value of each share under option granted is £1.81 (£1.34, £1.43). The expense recognised in the income statement in the year from the Sharesave Scheme is £1.2m (£0.9m, £0.4m).

The following table illustrates the number and weighted average exercise prices of, and movements in, shares under option during the year in the Sharesave Scheme:

	2006	**2006**	2005	2005	2004	2004
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
	'000	**pence**	'000	pence	'000	pence
At January 1	**3,853.7**	**354.7**	4,461.2	332.5	3,716.3	330.1
Granted	**837.5**	**611.0**	1,454.3	395.0	1,857.7	328.0
Forfeited	**(282.0)**	**405.2**	(589.2)	334.9	(625.9)	361.8
Expired	**(116.5)**	**363.9**	(151.0)	424.7	(15.1)	234.0

Exercised	**(226.0)**	**390.9**	(1,321.6)	324.8	(471.8)	259.3
At December 31	**4,066.7**	**401.7**	3,853.7	354.7	4,461.2	332.5
Exercisable at December 31	**13.0**	**428.0**	40.1	319.3	253.7	427.6

Notes to the accounts for the 12 months ended December 31, 2006

5 Share-based payments continued

Range of exercise prices for the Sharesave Scheme (pence per share):

	Options outstanding			Options exercisable		
	Number outstanding	Weighted average remaining contract life	Weighted average exercise price	Number exercisable	Weighted average remaining contract life	Weighted average exercise price
	000	years	pence	000	years	pence
2006:						
318.0p-328.0p	**2,051.3**	**2.0**	**324.6**			
328.1p-611.0p	**2,015.4**	**3.4**	**480.2**	**13.0**	**0.4**	**428.0**
	4,066.7	**2.7**	**401.7**	**13.0**	**0.4**	**428.0**
2005:						
318.0p-323.0p	840.0	2.6	318.6	40.1	0.4	319.3
323.1p-428.0p	3,013.7	3.4	364.8			
	3,853.7	3.2	354.7	40.1	0.4	319.3
2004:						
237.0p-323.0p	1,769.3	2.6	312.2			
323.1p-428.0p	2,691.9	2.9	345.8	253.7	0.4	427.6
	4,461.2	2.8	332.5	253.7	0.4	427.6

The following tables show the assumptions used to fair value the equity settled options granted in the LTIP, Share Option Plan and Sharesave Scheme. There were no options granted under the Share Option Plan during 2006.

	2006	**2006**	**2006**	**2006**
	LTIP	**Sharesave 3 year**	**Sharesave 5 year**	**Sharesave 7 year**
Dividend yield (%)	**3.3**	**3.3**	**3.3**	**3.3**
Expected volatility (%)	**20.0**	**19.6**	**23.0**	**25.5**
Risk-free interest rate (%)		**4.6**	**4.6**	**4.6**

Expected life of option (years)	**3.0**	**3.4**	**5.4**	**7.4**
Share price at award/grant (pence)	**740.0**	**737.0**	**737.0**	**737.0**
Exercise price (pence)		**611.0**	**611.0**	**611.0**

	2005	2005	2005	2005	2005
	Share Option Plan	LTIP	Sharesave 3 year	Sharesave 5 year	Sharesave 7 year
Dividend yield (%)	4.3	4.3	4.3	4.3	4.3
Expected volatility (%)	30.7	24.9	24.0	26.9	29.1
Risk-free interest rate (%)	4.8		4.8	4.9	5.0
Expected life of option (years)	6.5	3.0	3.4	5.4	7.4
Share price at award/grant (pence)	518.0	518.0	498.0	498.0	498.0
Exercise price (pence)	514.0		395.0	395.0	395.0

	2004	2004	2004	2004	2004
	Share Option Plan	LTIP	Sharesave 3 year	Sharesave 5 year	Sharesave 7 year
Dividend yield (%)	3.5	3.5	3.5	3.5	3.5
Expected volatility (%)	33.9	31.4	29.6	32.0	33.0
Risk-free interest rate (%)	4.7		4.7	4.8	4.9
Expected life of option (years)	6.5	3.0	3.4	5.4	7.4
Share price at award/grant (pence)	447.0	447.0	432.0	432.0	432.0
Exercise price (pence)	440.0		328.0	328.0	328.0

The weighted average share price during the year is 697.4p (544.0p, 412.0p).

The expected volatility for Hanson has been calculated using historical data over a term commensurate with the expected life of each award/option. The expected volatility figures used in the valuations were calculated based on the following principles:

Historic weekly volatility over periods of increasing length ending on the date of each grant/award were determined.

The volatility figures above were used to calculate a weighted average volatility for the term commensurate with the expected term of the award/option being valued.

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Notes to the accounts for the 12 months ended December 31, 2006

5 Share-based payments continued

Other Schemes
Hanson also has an HM Revenue & Customs approved Executive Share Option Scheme. No further grants of options will be made under this scheme. Hanson also had Executive Share Option Schemes A and B which are now closed. The options granted under the Share Option Schemes A and B were deemed to be cash-settled and consequently grants that had not been settled by January 1, 2005 have been accounted for under IFRS 2. Options were granted with an exercise price equal to market value and remained exercisable at any time up to 10 years from the date of grant. No performance conditions applied to the right to exercise the options granted under either scheme. At December 31, 2006 there are no options outstanding under the Executive Share Option Schemes A and B and as a result the carrying amount of the liability relating to the cash-settled options at December 31, 2006 is £nil (£nil, £0.4m).

The following tables illustrate the number and weighted average exercise prices of, and movements in, shares under option for these schemes.

	2006	**2006**	2005	2005	2004	2004
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
	000	**pence**	000	pence	000	pence
Share Option Scheme:						
At January 1	23.0	331.3	114.0	331.3	120.0	331.3
Exercised	(9.0)	331.3	(91.0)	331.3	(6.0)	331.3
At December 31	14.0	331.3	23.0	331.3	114.0	331.3
Exercisable at December 31	14.0	331.3	23.0	331.3	114.0	331.3
Executive Share Option Schemes A and B:						
At January 1			321.8	356.4	1,678.1	419.7
Forfeited					(725.5)	465.7
Exercised			(321.8)	356.4	(630.8)	399.1
At December 31					321.8	356.4
Exercisable at December 31					321.8	356.4

6 Operating impairments

	2006	**2006**	**2006**	2005	2005	2005	2004	2004	2004

	Operating impairments charged	**Operating impairments reversed**	**Net operating impairments**	Operating impairments charged	Operating impairments reversed	Net operating impairments	Operating impairments charged	Operating impairments reversed	Net operating impairments
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
North America									
Aggregates	**(4.1)**		**(4.1)**	(16.5)	14.9	(1.6)			
Building Products									
	(4.1)		**(4.1)**	(16.5)	14.9	(1.6)			
UK									
Aggregates	**(0.2)**	**0.2**		(5.3)	4.7	(0.6)	(21.2)	0.5	(20.7)
Building Products									
	(0.2)	**0.2**		(5.3)	4.7	(0.6)	(21.2)	0.5	(20.7)
Australia and Asia Pacific									
Australia									
Asia Pacific							(4.9)		(4.9)
							(4.9)		(4.9)
Continental Europe				(1.8)		(1.8)	(3.7)		(3.7)
Total	**(4.3)**	**0.2**	**(4.1)**	(23.6)	19.6	(4.0)	(29.8)	0.5	(29.3)
Impairment (charged)/ reversed against:									
Intangible assets goodwill				(17.6)		(17.6)	(1.4)		(1.4)
Property, plant and equipment	(4.2)	0.2	(4.0)	(5.9)	19.2	13.3	(24.2)		(24.2)
Other assets	(0.1)		(0.1)	(0.1)	0.4	0.3	(4.2)	0.5	(3.7)
Operating impairments	(4.3)	0.2	(4.1)	(23.6)	19.6	(4.0)	(29.8)	0.5	(29.3)

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Notes to the accounts for the 12 months ended December 31, 2006

6 Operating impairments continued

Impairments during the year:
An impairment charge of £4.1m resulting from two individual operating site closures has been recognised in Aggregates North America. An impairment charge of £0.2m resulted from the closure of three individual operating sites within Aggregates UK. The impairments have arisen due to the closure, or intended closure, of the sites and are based on the recoverable amount of the assets. Impairment charges totalling £0.2m against individual operating sites within Aggregates UK have been reversed, as proceeds from the sale of the sites exceeded their carrying values, net of the provision. The main class of assets affected by each of the impairment charges and reversals is property, plant and equipment.

Impairments during 2005:
A net impairment charge of £4.0m was recognised in 2005.

An impairment charge of £16.5m was recognised against goodwill held in Aggregates North America Southwest region. The impairment, which reduced the goodwill s carrying value to its value in use at discount rates provided below, resulted from a change in the economic circumstances of that operation.

An impairment provision of £14.9m recorded against property, plant and equipment in years prior to 2005, in Aggregates North America West region, was reversed in 2005. The original charge resulted from significant uncertainty over the assets ability to generate future profitability, due to the lack of an economic supply of raw materials. The supply was secured in 2005, removing this uncertainty and improving the projected cash flows generated by these assets.

An impairment charge of £5.3m was recognised in 2005 against goodwill and property, plant and equipment at various individual operating sites within Aggregates UK. These tangible assets are cash generating units for the purpose of measuring impairment, as they generate largely independent cash flows.

The impairments arose due to the closure, or intended closure of the sites, on commercial grounds and were based on the recoverable amount of the assets. Impairment charges totalling £4.7m against individual operating sites within Aggregates UK were reversed, as anticipated proceeds from the sale of the site and business exceeded their carrying values, net of the provision.

Property, plant and equipment of £1.2m located in Spain and goodwill amounting to £0.6m in the Czech Republic were impaired in 2005, as these assets were not expected to generate a value in use equal to their carrying value. Both of these cash generating units comprise a part of Continental Europe.

Impairments during 2004:
A net impairment charge of £29.3m was recognised in 2004.

An impairment charge of £21.2m was recognised in 2004 against property, plant and equipment and other assets at various individual operating sites within Aggregates UK. These tangible assets are cash generating units for the purpose of measuring impairment, as they generate largely independent cash flows.

The impairments have arisen due to the closure, or intended closure of the sites, on commercial grounds and are based on the recoverable amount of the assets. Impairment charges totalling £0.5m against individual operating sites within Aggregates UK have been reversed, as anticipated proceeds from the sale of the site and business exceeded their carrying values, net of the provision.

Assets in Asia Pacific and Continental Europe of £4.9m and £3.7m were impaired in 2004, as these assets were not expected to generate a value in use equal to their carrying value. The main classes of assets affected by the impairment charges were property plant and equipment and goodwill.

Assumptions used for impairment testing:

The recoverable amount for each cash generating unit is based on a value in use calculation using cash flow projections based on four year forecasts approved by the Board of Directors excluding the impact of anticipated acquisitions, business improvement capital expenditure and restructuring. Forecast replacement capital expenditure requirements are included within the first four years, after which capital expenditure is assumed to represent 100% of depreciation.

Subsequent cash flows beyond the initial four year forecast for all cash generating units are inflated by rates of 1.5% to 4.0% (0.7% to 4.9%, nil% to 4.0%) including the US 4.0% (4.0%, 4.0%), UK 3.0% (3.0%, 2.5%) and Australia 2.75% (2.5%, 2.5%). Cash flows have been discounted at rates between 7.0% and 9.5% (7.5% and 9.5%, 8.0% and 10.0%) including the US 7.8% (8%, 8.5%), UK 7.8% (8.5%, 8.5%) and Australia 9.0% (9.5%, 9.5%). Post-tax discount rates have been applied to post-tax cash flows. The use of these rates results in recoverable values that are identical to the ones that would be obtained by using pre-tax rates and pre-tax cash flows, as required by IAS 36 Impairment of assets .

The calculation of value in use is most sensitive to the following key assumptions:

Sales volumes

Average selling prices

Operating costs

The sales volume assumptions are influenced by several factors including, end use market and demand drivers, our competitive position, quality of product and service, distribution and product selling price. Historical sales volumes are used as the base. These are either increased or decreased over the forecast period using assumptions derived from past experience or consistent with external sources of information. Average selling price assumptions are influenced by several factors including end use market and demand drivers, our competitive position, site tenure, quality of product and service, distribution and product selling price. Historical average selling prices are used as the base. These are either increased or decreased over the forecast period using assumptions derived from past experience. Operating cost assumptions are influenced by several factors including availability of product and service, supply and demand, scarcity of availability, and age and quality of plant and equipment. Historical operating costs are used as the base. These are either increased or decreased over the forecast period using assumptions derived from past experience.

Given the excess of value in use over the carrying amount for each cash generating unit, and the absence of any reasonably possible change in the key assumptions applied, the additional disclosures in IAS 36 Impairment of assets regarding the sensitivity of the value in use calculations are not warranted.

Where business segments include closed sites or sites that are to be closed, the anticipated proceeds less costs to sell have been used. Goodwill is analysed by segment in note 2(e).

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Notes to the accounts for the 12 months ended December 31, 2006

7 Finance costs and finance income

	2006	2005	2004
	£m	£m	£m
Finance costs:			
Interest payable on bank loans and overdrafts	**(22.8)**	(23.3)	(15.2)
Interest payable on other loans	**(108.5)**	(95.7)	(77.0)
Total interest payable	**(131.3)**	(119.0)	(92.2)
Finance cost on pension plan liabilities and other post-employment medical benefits	**(103.2)**	(103.2)	(99.2)
Unwinding of discount (net)	**(2.0)**	(2.5)	(6.6)
Total finance costs	**(236.5)**	(224.7)	(198.0)
Finance income:			
Interest receivable and similar income	**43.9**	60.1	40.0
Expected return on pension plan assets	**114.5**	108.7	111.2
Change in fair value of derivatives and related items	**0.3**	0.4	
Total finance income	**158.7**	169.2	151.2
Net finance costs	**(77.8)**	(55.5)	(46.8)
Representing:			
Net interest payable	**(87.4)**	(58.9)	(52.2)
Net pension credit and other post-employment medical benefits	**11.3**	5.5	12.0
Change in fair value of derivatives and related items	**0.3**	0.4	
Unwinding of discount (net)	**(2.0)**	(2.5)	(6.6)
Net finance costs	**(77.8)**	(55.5)	(46.8)

Net finance costs of £77.8m (£55.5m, £46.8m) above exclude joint-ventures and associates net finance costs of £4.6m (£3.5m, £3.2m) as shown in note 2(c).

Total interest payable includes £0.1m (£0.2m, £0.5m) relating to finance leases.

8 Tax

a) Analysis of total tax charge in consolidated income statement
The income tax (charge)/credit for the year is shown as follows in the financial statements.

	2006	**2006**	**2006**	2005	2005	2005	2004	2004	2004
	Before tax	**Tax**	**After tax**	Before tax	Tax	After tax	Before tax	Tax	After tax
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Continuing operations:									
Group operating profit before impairments	**529.0**			448.3			400.2		
Net finance costs	**(77.8)**			(55.5)			(46.8)		
Group operating profit before impairments, after net finance costs[1]	**451.2**	**(81.8)**	**369.4**	392.8	(28.8)	364.0	353.4	(33.4)	320.0
Share of joint-ventures and associates profit after finance costs	**42.9**	**(9.2)**	**33.7**	42.7	(2.2)	40.5	32.5	(9.3)	23.2
Profit from continuing operations before impairments	**494.1**	**(91.0)**	**403.1**	435.5	(31.0)	404.5	385.9	(42.7)	343.2
Operating impairments	**(4.1)**	**2.1**	**(2.0)**	(4.0)	(5.6)	(9.6)	(29.3)	6.3	(23.0)
Profit from continuing operations	**490.0**	**(88.9)**	**401.1**	431.5	(36.6)	394.9	356.6	(36.4)	320.2
Discontinued operations:									
Profit/(loss) from discontinued operations				3.6	(0.8)	2.8	(14.7)	(1.7)	(16.4)
Profit from current year disposals	**0.3**		**0.3**	5.4	(3.1)	2.3	11.5	(1.1)	10.4
Profit/(loss) from prior year disposals	**(0.5)**	**0.6**	**0.1**	(25.8)	13.4	(12.4)	(89.1)	39.1	(50.0)
Profit for the year	**489.8**	**(88.3)**	**401.5**	414.7	(27.1)	387.6	264.3	(0.1)	264.2

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Notes to the accounts for the 12 months ended December 31, 2006

8 Tax continued

	2006	2005	2004
	£m	**£m**	**£m**
Tax (charge)/credit for the year analysed as:			
UK tax	**(9.2)**	47.7	7.2
Overseas tax	**(79.1)**	(74.8)	(7.3)
	(88.3)	(27.1)	(0.1)

1 Included in the 2005 tax charge was a credit of £29.6m relating to net provision releases. Included in the 2004 tax charge was a one-off deferred tax benefit of £21.7m.

In addition to the income tax charged to the consolidated income statement, a tax charge of £1.7m (credits of £11.8m, £4.9m) has been charged directly to equity see note 8(d).

b) Analysis of tax charge on continuing operations before impairments

	2006	2005	2004
	£m	£m	£m
Current income tax			
UK companies	**0.5**	34.8	5.3
Overseas companies	**(76.7)**	(59.4)	(38.8)
	(76.2)	(24.6)	(33.5)
Deferred income tax			
UK companies	**(5.1)**	17.8	(3.3)
Overseas companies	**(0.5)**	(22.0)	3.4
	(5.6)	(4.2)	0.1
Tax on continuing operations before impairments	**(81.8)**	(28.8)	(33.4)

The components of income tax are as follows:

	2006	2005	2004
	£m	£m	£m
Current income tax			
UK corporation tax (charge)/credit at 30.0%:			

Current year	**(0.3)**		(106.1)
Double tax relief			106.1
Effect of current year events on prior period tax balances	**(3.6)**	29.6	
Receipt for consortium relief	**4.4**	5.2	5.3
	0.5	34.8	5.3
Overseas current tax (charge)/credit:			
Current year	**(69.8)**	(58.4)	(37.2)
Effect of current year events on prior period tax balances	**(3.1)**	1.3	
Share of partnership tax	**(3.8)**	(2.3)	(1.6)
	(76.7)	(59.4)	(38.8)
Total current tax	**(76.2)**	(24.6)	(33.5)
Deferred income tax			
UK deferred tax (charge)/credit:			
Origination and reversal of temporary differences	**(13.8)**	5.1	(3.3)
Effect of current year events on prior period tax balances	**8.7**	12.7	
	(5.1)	17.8	(3.3)
Overseas deferred tax (charge)/credit:			
Origination and reversal of temporary differences	**(1.7)**	(21.5)	(9.3)
Effect of current year events on prior period tax balances	**1.2**	(0.5)	12.7
	(0.5)	(22.0)	3.4
Total deferred tax (charge)/credit	**(5.6)**	(4.2)	0.1
Tax on continuing operations before impairments	**(81.8)**	(28.8)	(33.4)

Double tax relief relates to dividends paid to the UK by overseas subsidiaries

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8 Tax continued

c) Factors affecting tax charge for the period

The table below explains the differences between the expected tax charge on continuing operations before impairments, at the UK statutory tax rate of 30%, and the group s actual tax charge on continuing operations before impairments.

	2006	2005	2004
	£m	£m	£m
Profit before tax on continuing operations before impairments	**484.9**	433.3	376.6
Tax at the UK statutory rate of 30%	**(145.5)**	(130.0)	(113.0)
Permanent differences	**8.4**	0.7	20.8
Effect of different statutory tax rates of overseas jurisdictions	**21.7**	29.2	16.1
Tax effect arising from joint-ventures and associates profit being reported on an after tax basis	**10.1**	12.2	7.0
Current year losses not recognised		(40.1)	(41.8)
Utilisation of tax losses brought forward not previously recognised	**20.3**	56.2	48.0
Effect of current year events on prior period tax balances	**3.2**	43.1	12.7
Other differences		(0.1)	16.8
Tax charge on continuing operations before impairments	**(81.8)**	(28.8)	(33.4)

Provisions for taxes in respect of current and prior period balances are based on information at the balance sheet date. These balances will change as new accounting estimates are developed during the period as a result of new events and additional information.

The tax charge will be unaffected by the payment of dividends by the Company to its shareholders.

The tables below explain the differences between the expected tax charges on impairments and discontinued operations, at the UK statutory tax rate of 30%, and the group s actual tax charges on impairments and discontinued operations.

	2006	2005	2004
	£m	£m	£m
Loss before tax on impairments	**(4.1)**	(4.0)	(29.3)
Tax at the UK statutory rate of 30%	**1.2**	1.2	8.8
Permanent differences	**0.6**	(5.2)	(3.3)

Effect of different statutory tax rates of overseas jurisdictions	**0.3**	(1.6)	0.8
Other differences			
Tax credit/(charge) on impairments	**2.1**	(5.6)	6.3

	2006	2005	2004
	£m	£m	£m
Loss before tax on discontinued operations	**(0.2)**	(16.8)	(92.3)
Tax at the UK statutory rate of 30%	**0.1**	5.0	27.7
Permanent differences	**0.1**	3.2	(1.6)
Effect of different statutory tax rates of overseas jurisdictions	**0.1**	1.3	7.8
Other differences	**0.3**		2.4
Tax credit on discontinued operations	**0.6**	9.5	36.3

d) Analysis of tax (charged)/credited to equity

	2006	2005	2004
	£m	£m	£m
Current tax			
Tax on share-based payments	**2.2**		
	2.2		
Deferred tax			
Tax on net actuarial gains/losses	**(6.4)**	5.7	4.9
Tax on share-based payments	**3.6**	3.9	
Tax on the net movement on revaluation of cash flow hedges	**(1.1)**	2.2	
	(3.9)	11.8	4.9
Tax (charged)/credited to equity	**(1.7)**	11.8	4.9

e) Factors that may affect future tax charges

Factors that may affect the group s future tax charges include changes in tax legislation and tax rates, changes in profit mix, the resolution of open issues as well as corporate acquisitions and disposals.

9 Discontinued operations

During 2006, the operations of Seagoe, a drainage business based in Northern Ireland, were sold for £3.8m (net of disposal costs) on January 31. At December 31, 2005, this operation was classified as held for sale.

During 2005, Aggregates North America sold its 50% interest in the joint-venture Campbell Concrete and Materials, a ready-mixed concrete and aggregates business operating in Houston, Texas, on June 17 for £31.0m; and Continental Europe disposed of 19 ready-mixed concrete sites on May 13 for £14.0m, following restructuring of its Spanish operations.

9 Discontinued operations continued

During 2004, Building Products UK sold its drainage business on May 14; Aggregates UK sold the Portland Stone operations on December 22 and the Pinden operations on December 24; and Asia Pacific sold its Thailand operations on July 19.

Note 9(a) below analyses the profit after tax of £nil earned during the year by the operations discontinued in 2006. The profit of £2.8m in 2005 represents the net profit after tax incurred during 2005 by operations discontinued in 2006 and 2005. The loss of £16.4m in 2004 represents the net loss after tax incurred during 2004 by the operations discontinued in 2006, 2005 and 2004.

Note 9(b) below analyses the profit after tax of £0.3m resulting from the disposal of operations discontinued in 2005, but disposed of in 2006. The profit of £2.3m in 2005 and £10.4m in 2004 represents the profit on disposal after tax of discontinued operations disposed of during 2005 and 2004 respectively.

Note 9(c) below analyses the profit after tax of £0.1m that resulted from adjustments in the current year to the profit or loss on disposals (and other income and expenses) of operations that were discontinued in prior years. The loss after tax of £12.4m in 2005 and £50.0m in 2004 represents adjustments made in those years to the profit or loss on disposals (and other income and expenses) of operations that were discontinued prior to 2006.

Note 9(d) provides an analysis of the net cash inflow after financing of £nil generated from operations discontinued in 2006. The net cash inflow of £1.4m in 2005 represents the cash flows generated during 2005 by operations discontinued in 2006 and 2005. The net cash inflow of £5.3m in 2004 represents the cash flows generated during 2004 by operations discontinued in 2006, 2005 and 2004.

Note 9(e) provides an analysis of the net assets of discontinued operations that were disposed of or classified as held for sale in previous years. The comparatives provide the equivalent information for operations disposed of or held for sale in 2005 and 2004 respectively.

	2006	2005	2004
a) Current year profit/(loss) after taxation of discontinued operations	**£m**	£m	£m
Group turnover		24.0	81.3
Costs and overheads		(23.0)	(77.3)
Group operating profit before impairments		1.0	4.0
Share of joint-ventures and associates profit after tax		2.6	3.2
Operating profit before impairments		3.6	7.2
Operating impairments			(21.9)
Operating profit/(loss)		3.6	(14.7)
Finance costs			
Profit/(loss) before tax		3.6	(14.7)
Tax		(0.8)	(1.7)
Profit/(loss) after tax		2.8	(16.4)

By primary segment		
North America	1.5	(19.9)
UK	0.9	0.8
Australia and Asia Pacific		1.6
Continental Europe	0.4	1.1
Profit/(loss) after tax	2.8	(16.4)

	2006	2005	2004
b) Profit on disposals in the current year, after tax	**£m**	£m	£m
Loss on disposal of North America operations		(0.4)	
Profit on disposal of UK operations	**0.3**		2.6
Profit on disposal of Australian operations			1.0
Profit on disposal of Asia Pacific operations			7.9
Profit on disposal of Continental Europe operations		5.8	
Net profit on disposals before tax	**0.3**	5.4	11.5
Tax		(3.1)	(1.1)
Net profit on disposals after tax	**0.3**	2.3	10.4

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