

**Sent:** 20 September 2011

Dear Sir,

We are responding to your letter of 14<sup>th</sup> September 2011 seeking views on the Tarmac/Lafarge merger.

[X] operates a [X][X] coal fired power station in [X]. The supply of limestone is essential to the Flue Gas Desulphurisation (FGD) process that is designed to reduce the station sulphur emissions. [X] buys up to [X] tonnes per annum for this purpose. When the plant was constructed [X] [X], considerable research was undertaken to find suitable sources of supply - that is the right quality for the application from a source that could deliver primarily by rail and by road if required.

The conclusion was that the only suppliers able to meet the quality and freight requirements were Tarmac, Lafarge and RMC (now Cemex), all supplying from their quarries in the [X] area.

In the years [X] [X] [X], the limestone was supplied by Lafarge from their quarry near [X]; the supply contract was put out to competitive tender to the three suppliers in [X] [X] and was won by Tarmac. It was clear from the bids submitted that a competitive market existed, demonstrated by the price variation and real willingness by all three of the bidders to negotiate on price in order to capture the business.

In order to ensure security of supply, the existing Tarmac contract is expected to run for a period of [X] years.

[X] has a serious concern about the impact of the proposed merger as it reduces the number of potential suppliers from three to two and that will make it much easier for the two remaining players to gauge their level of competitiveness in any future negotiation for specific product lines, and price accordingly. It is also felt that the new company could have a dominant market position that could be abused.

We trust that you will find this information helpful.

Please do not hesitate to contact us should you need any additional information.

Kind regards