

Sent: 22 September 2011
To: AngloLafarge
Subject: Anglo American / Lafarge Merger. FAO Mr J. Doyle.

Dear Mr Doyle.

You ref: PRMAGG

Thank you for your letter dated 14th September 2011 asking for my opinion on the proposed merger between Anglo American and Lafarge.

[X] is an independent business, owned by me and formed in [X]. With [X] depots throughout [X], supplying readymixed concrete, concrete pumps and small amounts of aggregate.

I am a competitor to at least one of these companies at [X] out of my [X] locations, and both in certain locations, competing for readymixed concrete business. Furthermore, I am also a direct competitor to [X], which is a company part owned by the Tarmac Group, which is of course owned by Anglo American.

It is well known in the market, and has been reported in the press, that Anglo American has been trying to sell the Tarmac business without success for several years.

I currently have no trading relationship with either merger company, although in the past, I have purchased aggregate from both companies at several locations. For several years now, I have found both companies unwilling to sell to me, or very occasionally are prepared to sell materials at a premium rate only. When last trying, Lafarge would not sell to me even on a cash sale, material collected basis. I do not buy cement from either company, and have to source it from one of the few independant importers.

I believe that both companies currently use their size to an unfair advantage, either by restricting the supply of aggregates to the open market, or by selling their readymixed concrete at less than cost price in some cases, (by using vertical integration) which means that smaller companies are unable to compete. I have numerous examples where we have lost business to the proposed merger companies, where they have supplied readymixed concrete at virtually cost price, and can only be surviving by their upstream contribution. Therefore I believe that the merger will result in the J.v company having a distinct unfair advantage in the market and will use that market dominance to close smaller operators.

Further evidence of previous competition bullying can be found when considering the recent failure of C & G Concrete Ltd which was a well established independent readymix business of some 60 years standing, and Ennestone Ltd before that. Whilst I accept that competition in the market is healthy, I believe that the merger of these two businesses will form an entity which has significant domination to the sector which they will naturally use to their advantage.

[X]
Managing Director.
[X]