

**ANTICIPATED ACQUISITION BY HITACHI RAIL, LTD
OF THALES SA'S GROUND TRANSPORTATION SYSTEMS BUSINESS**

RESPONSE TO ADDENDUM PROVISIONAL FINDINGS REPORT

We refer to the notice of addendum to provisional findings in relation to the Hitachi/Thales merger, in which the CMA has set out its amended provisional view that the merger would not result in a substantial lessening of competition with respect to CBTC signalling systems in the UK. We note that the CMA has changed its assessment based on evidence which indicates that Hitachi is not a significant competitor to Thales for future CBTC contracts on the London Underground in the near to medium term.

[REDACTED] is concerned, however, that there is a high likelihood that the proposed merger may nevertheless result in a substantial lessening of competition in the future supply of CBTC systems in the UK. Whilst the CMA notes that there are relatively few suppliers that have the necessary track record and capabilities to meet TfL's requirements for CBTC projects currently, [REDACTED] considers that certain players are developing their CBTC technologies (including [REDACTED], amongst others) and could compete for opportunities such as the London Underground *if* they are able to collaborate with other suppliers to fill current gaps in their technological/product capabilities. However, by removing Thales as a potential independent partner company, the proposed merger would significantly reduce the scope for such collaboration, thereby very likely limiting/reducing new entry into the UK CBTC market.

[REDACTED]

[REDACTED] considers that the proposed merger will significantly restrict the ability of emerging players to enter into such partnerships with Thales. Given the limited potential range of alternative partners, this will restrict entry and hinder future competition in the supply of CBTC systems in the UK and globally. Accordingly, [REDACTED] respectfully submits that the CMA's addendum provisional findings should be varied to take account of this.