COMPETITION AND MARKETS AUTHORITY

INITIAL ENFORCEMENT ORDER

ACQUISITION BY SPIRE HEALTHCARE LIMITED OF ASSETS AND BUSINESS COMPRISING ST ANTHONY'S HOSPITAL IN SURREY

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

(a) the Competition and Markets Authority (CMA) has reasonable grounds for suspecting that it is or may be the case that Spire Healthcare Limited and certain assets and business comprising St Anthony's Hospital in Surrey formerly owned by the Congregation of the Daughters of the Cross of Liege have ceased to be distinct

(b) the CMA is considering, pursuant to section 22 of the Act, whether it is or may be the case that a relevant merger situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (UK)

(c) the CMA wishes to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference, and

(d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to Spire Healthcare Group UK and Spire (as defined in paragraph 13 below) (**Order**).

Title, commencement, application and scope

1. This Order commences on the commencement date: 23 May 2014.

2. This Order applies to Spire Healthcare Group UK Limited and Spire Healthcare Limited

3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige Spire Group UK and/or Spire to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

Management of the X and Y business until determination of proceedings

4. Except with the prior written consent of the CMA, Spire Group UK and Spire shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:

   (a) lead to the integration of the St Anthony's business with the Spire Group UK's business

   (b) transfer the ownership or control of the Spire Group UK's business or the St Anthony's business or any of its subsidiaries, or

   (c) otherwise impair the ability of the St Anthony's business or the Spire Group UK's business to compete independently in any of the markets affected by the transaction.

5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, Spire Group UK and Spire shall at all times during the specified period procure that, except with the prior written consent of the CMA:

   (a) the St Anthony's business is carried on separately from the Spire Group UK's business and St Anthony's separate sales or brand identity is maintained

   (b) the St Anthony's business and the Spire Group UK's business are maintained as a going concern and sufficient resources are made

available for the development of the St Anthony's business and the Spire Group UK's business, on the basis of their respective pre-merger business plans

(c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the St Anthony's business or the Spire Group UK's business

(d) the nature, description, range and quality of healthcare services supplied in the UK by each of the two businesses are maintained and preserved

(e) except in the ordinary course of business for the separate operation of the two businesses:

  (i) all of the assets of the St Anthony's business and the Spire Group UK's business are maintained and preserved, including facilities and goodwill

  (ii) none of the assets of the St Anthony's business or the Spire Group UK's business are disposed of, and

  (iii) no interest in the assets of the St Anthony's business or the Spire Group UK's business is created or disposed of

(f) there is no integration of the information technology of the St Anthony's or Spire Group UK's businesses, and the software and hardware platforms of the St Anthony's business shall remain essentially unchanged, except for routine changes and maintenance

(g) the patients, customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential patients, customers and suppliers in relation to the St Anthony's business will be carried out by the St Anthony's business alone and for the avoidance of doubt Spire Group UK will not negotiate on behalf of the St Anthony's business (and vice versa) or enter into any joint agreements with the St Anthony's business (and vice versa)

(h) all existing contracts of the St Anthony's business and the Spire Group UK's business continue to be serviced by the business to which they were

awarded

(i) no changes are made to key staff of the St Anthony's business or Spire Group UK's business

(j) no key staff are transferred between the St Anthony's business and the Spire Group UK's business

(k) all reasonable steps are taken to encourage all key staff to remain with the St Anthony's business and the Spire Group UK's business, and

(l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from St Anthony's (or any of its employees, directors, agents or affiliates) to Spire Group UK's (or any of its employees, directors, agents or affiliates), or vice versa, except where strictly necessary in the ordinary course of business (for example, where required for compliance with external regulatory and/or accounting obligations) and on the basis that, should the merger be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. Spire Group UK and Spire shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.

7. Spire Group UK and Spire shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by A/X and its subsidiaries with this Order. In particular, on 6 June 2014 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of Spire Group UK and Spire or other persons of Spire Group UK and Spire as agreed with the CMA shall, on behalf of Spire Group UK and Spire, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order.

8. At all times, Spire Group UK and Spire shall, or shall procure that St Anthony's shall, actively keep the CMA informed of any material developments relating to the St Anthony's business or the Spire Group UK's business, which includes but is not limited to:

   (a) details of key staff who leave or join the St Anthony's business or the Spire Group UK's business

   (b) any interruption of the St Anthony's or Spire Group UK's business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours

   (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the St Anthony's or Spire Group UK's business including any substantial changes 'in customers' demand, and

   (d) substantial changes in the St Anthony's or Spire Group UK's businesses' contractual arrangements or relationships with key suppliers.

9. If Spire Group UK or Spire have any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that Spire Group UK and/or Spire may be directed to appoint under paragraph 10.

10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.

11. Spire Group UK and Spire shall comply in so far as it is able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of

Parliament.

13. For the purposes of this Order:

'Spire Group UK' means Spire Healthcare Group UK Limited

'**the Spire Group UK's business**' means the business of Spire Group UK and its subsidiaries carried on as at the commencement date

'Spire' means Spire Healthcare Limited [full registered name of acquirer's UK parent and, if relevant, overseas parent]

'**the Spire business**' means the business of Spire and its subsidiaries carried on as at the commencement date

'**the Act**' means the Enterprise Act 2002

'**an affiliate**' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act

'**business**' has the meaning given by section 129(1) and (3) of the Act

'**commencement date'** means 23 May 2014

'**control**' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise

'**the decisions**' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act

'**key staff**' means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business

'**the ordinary course of business**' means matters connected to the day-to-day supply of healthcare services by St Anthony's or Spire Group UK and does not include matters involving significant changes to the organisational structure or

related to the post-merger integration of St Anthony's and Spire Group UK

'**specified period**' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act

'**subsidiary**', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006

'**the transaction**' means the transaction by which Spire [Group UK] and St Anthony's have ceased to be distinct within the meaning of section 23 of the Act

'**the two businesses**' means the Spire Group UK business and the St Anthony's business

'**St Anthony's**' means the assets and businesses comprising St Anthony's, a private hospital at 801 London Road, North Cheam, Surrey, SM3 9DW

'**the St Anthony's business**' means the business of St Anthony's and its subsidiaries carried on as at the commencement date, and

unless the context requires otherwise, the singular shall include the plural and vice versa.

[signed]

Mergers

ANNEX

Compliance statement for Spire Group UK/Spire

I [insert name] confirm on behalf of Spire Group UK/Spire that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):

   (a) Spire Group UK/Spire has complied with the Order made by the CMA in relation to the transaction on 23 May 2014 (the Order).

   (b) Spire Group UK/Spire's subsidiaries have also complied with this Order.

2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:

   (a) No action has been taken by Spire Group UK/Spire that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:

      (i) lead to the integration of the St Anthony's business with the Spire Group/Spire business

      (ii) transfer the ownership or control of the Spire Group UK's /Spire's business or the St Anthony's business or any of its subsidiaries, or

      (iii) otherwise impair the ability of the St Anthony's business or the Spire Group UK's /Spire's business to compete independently in any of the markets affected by the transaction.

   (b) The St Anthony's business and the Spire Group UK's/Spire business have been maintained as a going concern and sufficient resources have been made available for the development of the St Anthony's business and the Spire Group UK's/Spire business, on the basis of their pre-merger business plans.

(c) No changes have been made to the organisational structure of, or the management responsibilities within, the St Anthony's business or the Spire Group UK's/Spire's business, except in the ordinary course of business.

(d) The nature, description, range and quality of healthcare services supplied in the UK by the St Anthony's business and the Spire Group UK's/Spire's business have been maintained and preserved.

(e) Except in the ordinary course of business for the separate operation of the two businesses:

(i) all of the assets of the St Anthony's business and the Spire Group UK's/Spire's business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period

(ii) none of the assets of the St Anthony's business or the Spire Group's/Spire's business have been disposed of, and

(iii) no interest in the assets of the St Anthony's business or the Spire Group UK's/Spire's] business has been created or disposed of

(f) There has been no integration of the information technology of the St Anthony's or Spire Group UK's/Spire's businesses, and the software and hardware platforms of the St Anthony's business have remained essentially unchanged, except for routine changes and maintenance.

(g) Subject to integration which had occurred prior to the commencement date, the patients, customer and/or supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential patients, customers and/or suppliers in relation to the St Anthony's business have been carried out by the St Anthony's business alone and, for the avoidance of doubt, Spire Group UK's/Spire's] has not negotiated on behalf of St Anthony's (and vice versa) or entered into any joint agreements with St Anthony's (and vice versa).

(h) All existing contracts of the St Anthony's business and the Spire Group UK's/Spire's business have been serviced by the business to which they were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.

(i) No changes have been made to key staff of the St Anthony's business or the Spire Group UK's/Spire's business.

(j) No key staff have been transferred between the St Anthony's business and the Spire Group UK's/Spire's business.

(k) All reasonable steps have been taken to encourage all key staff to remain with the St Anthony's business and the [Spire Group UK's/Spire's business.

(l) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses, has passed, directly or indirectly, from St Anthony's (or any of its employees, directors, agents or affiliates) to Spire Group UK's/Spire's (or any of its employees, directors, agents or affiliates), or vice versa.

(m) Except as listed in paragraph (n) below, there have been no:

  (i) key staff that have left or joined the St Anthony's business or the Spire Group UK's/Spire's business

  (ii) interruptions of St Anthony's business or the Spire Group UK's/Spire's business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours

  (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the St Anthony's business or the Spire Group's UK/Spire's business, or

  (iv) substantial changes in the St Anthony's or Spire Group UK's/Spire's businesses' contractual arrangements or relationships with key suppliers

(n) [*list of material developments*]

3. Spire Group UK/Spire and its subsidiaries remain in full compliance with the

Order and will, or will procure that St Anthony's, continue actively to keep the CMA informed of any material developments relating to the St Anthony's or the Spire Group UK's/Spire's business in accordance with paragraph 8 of the Order.

Interpretation

4. Terms defined in the Order have the same meaning in this compliance statement.

FOR AND ON BEHALF OF Spire Group UK/Spire

Signature ……

Name ……..

Title ……..

Date …….