

ACQUISITION BY HENRY SCHEIN UK HOLDINGS LIMITED OF CERTAIN ASSETS AND BUSINESS INFORMATION OF PLANDENT LIMITED

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 Henry Schein UK Holdings Limited (**HSHL**) and certain assets and business information of Plandent Limited 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 Henry Schein UK Finance Limited (**HSFL**), Henry Schein, Inc (the parent company of HSHL and HSFL in the UK) (**HSI**) and HSHL (**Order**).

Commencement, application and scope

1. This Order commences on the commencement date: 16 January 2015.
2. This Order applies to HSI, HSFL and HSHL.

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 HSI or HSFL or HSHL 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 HSI business and the Plandent business until determination of proceedings

4. Except with the prior written consent of the CMA, HSFL and HSHL 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 Plandent's business with the HSI business;
 - (b) transfer the ownership or control of the HSI business or the Plandent business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Plandent business or the HSI 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, HSFL and HSHL shall at all times during the specified period procure that, except with the prior written consent of the CMA:
 - (a) the Plandent business is carried on separately from the HSI business and Plandent business's separate sales or brand identity is maintained;
 - (b) the Plandent business and the HSI business are maintained as a going concern and sufficient resources are made available for the development of the Plandent business and the HSI 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 Plandent business or the HSI business;
 - (d) the nature, description, range and quality of goods and/or 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 Plandent business and the HSI business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Plandent business or the HSI business are disposed of; and
 - (iii) no interest in the assets of the Plandent business or the HSI business is created or disposed of;
- (f) there is no integration of the information technology of the Plandent or HSI businesses, and the software and hardware platforms of the Plandent business shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Plandent business will be carried out by the Plandent business alone and for the avoidance of doubt the HSI business will not negotiate on behalf of the Plandent business (and vice versa) or enter into any joint agreements with the Plandent business (and vice versa);
- (h) all existing contracts of the Plandent business and the HSI business continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Plandent business or HSI business;
- (j) no key staff are transferred between the Plandent business and the HSI business;
- (k) all reasonable steps are taken to encourage all key staff to remain with the Plandent business and the HSI 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 the Plandent business (or any of its employees, directors, agents or affiliates) to the HSI business (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. HSI, HSFL and HSHL shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. HSI, HSFL and HSHL 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 HSI, HSFL and HSHL and their subsidiaries with this Order. In particular, on 30 January 2015 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 HSI, HSFL and HSHL or other persons of HSI, HSFL and HSHL as agreed with the CMA shall, on behalf of HSI and HSHL, 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, HSI, HSFL and HSHL shall, or shall procure that Plandent business shall, actively keep the CMA informed of any material developments relating to the Plandent business or the HSI business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Plandent business or the HSI business;
 - (b) any interruption of the Plandent business or HSI 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 Plandent or HSI business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Plandent business or HSI business's contractual arrangements or relationships with key suppliers.
9. If HSI, HSFL and HSHL has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring trustee that HSI, HSFL and HSHL 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. HSI, HSFL and HSHL shall comply in so far as they are 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:

'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 16 January 2015;

'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;

'HSFL' means Henry Schein UK Finance Limited and its subsidiaries;

'HSI' means Henry Schein, Inc and its subsidiaries;

'HSHL' means Henry Schein UK Holdings Limited;

'the HSI business' means the business in the UK of HSI and its subsidiaries carried on as at the commencement date;

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

'Plandent' means Plandent Limited;

'Plandent business' means the business and assets of Plandent Limited that were the subject of the transaction as at the commencement date;

'the ordinary course of business' means matters connected to the day-to-day supply of goods and/or services by Plandent or HSI, HSFL and HSHL and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of Plandent business and HSI, HSFL and HSHL;

'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 HSHL and Plandent's business have ceased to be distinct within the meaning of section 23 of the Act;

'the two businesses' means the HSI business and the Plandent business;

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

Greg Bonné
Assistant Director, Mergers

Compliance statement for HSI/HSFL

I [insert name] confirm on behalf of HSI/HSFL that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):
 - (a) HSI and HSFL has complied with the Order made by the CMA in relation to the transaction on 16 January 2015 (the **Order**).
 - (b) HSI's and HSFL'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 HSI and HSFL 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 Plandent business with the HSI business;
 - (ii) transfer the ownership or control of the HSI business or the Plandent business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Plandent business or the business to compete independently in any of the markets affected by the transaction.
 - (b) The Plandent business has been carried on separately from the HSI business and the business's separate sales or brand identity has been maintained.
 - (c) The Plandent business and the HSI business have been maintained as a going concern and sufficient resources have been made available for the development of the HSI business and the Plandent business, on the basis of their respective pre-merger business plans.
 - (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within, the Plandent business or the HSI business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Plandent business and the HSI business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Plandent business and the HSI 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 Plandent business or the HSI business have been disposed of; and
 - (iii) no interest in the assets of the Plandent business or the HSI business has been created or disposed of.
- (g) There has been no integration of the information technology of the Plandent or HSI businesses, and the software and hardware platforms of the Plandent business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Plandent business have been carried out by the Plandent business alone and, for the avoidance of doubt, the HSI business has not negotiated on behalf of the Plandent business (and vice versa) or entered into any joint agreements with the Plandent business (and vice versa).
- (i) All existing contracts of the Plandent business and the HSI 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.
- (j) No changes have been made to key staff of the Plandent business or the HSI business.
- (k) No key staff have been transferred between the Plandent business and the HSI business.
- (l) All reasonable steps have been taken to encourage all key staff to remain with the Plandent business and the HSI business.

- (m) 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 the Plaintiff business (or any of its employees, directors, agents or affiliates) to the HSI business (or any of its employees, directors, agents or affiliates), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
- (i) key staff that have left or joined the Plaintiff business or the HSI business;
 - (ii) interruptions of the Plaintiff business or the HSI 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 Plaintiff business or the HSI business;
or
 - (iv) substantial changes in the Plaintiff or HSI business's contractual arrangements or relationships with key suppliers.
- (o) *[list of material developments]*

3. HSI and HSFL and its subsidiaries remain in full compliance with the Order and will, or will procure that the Plaintiff business, continue actively to keep the CMA informed of any material developments relating to the Plaintiff business or the HSI 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 HSI

Signature

Name

Title

Date