

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 28 December 2016

Completed acquisition by Universal Health Services Inc. (through Cygnet Health Care Limited) of the Cambian Adult Services business

We refer to your emails dated 16 and 24 February 2017 requesting that the CMA consents to derogations to the Initial Enforcement Order of 28 December 2016 (the 'Initial Order'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Cygnet, Cygnet UK TopCo and UHS are required to hold separate the Cambian Adult Services business from the UHS/Cygnet business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Cygnet, Cygnet UK TopCo and UHS may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(f), (g) and (l) of the Initial Order

In order to [X], the CMA consents to Cygnet purchasing the relevant IT hardware items on behalf of CAS as soon as possible from [X]. This will be carried out by [X] at Cygnet. This is on the basis that:

- a) the items being purchased will be used solely by CAS, and will involve no integration of the Cygnet and CAS IT systems; and
- b) Cygnet will ensure that the items are purchased at a competitive price, so that CAS is not disadvantaged in the event this needs to be reversed.

2. Paragraphs 5(a) and (l) of the Initial Order

The CMA consents to the Parties applying to HMRC by [X] in order to combine the Cygnet VAT and CAS VAT Groups.

To the extent that this will require the sharing of confidential information that is currently prohibited by paragraph 5(l) of the Order (i.e. not included within the ordinary course of business exception), the CMA consents to this information being shared with [X]. This is on the basis that [X] will sign appropriate confidentiality and non-use undertakings to ensure this information will not be exchanged more widely within the Parties.