

**ACQUISITION BY UNIVERSAL HEALTH SERVICES, INC. (UHS)
(THROUGH CYGNET HEALTH CARE LIMITED (CYGNET)) OF THE
CAMBIAN ADULT SERVICES BUSINESS (CAS)**

Derogations from Final Undertakings

Background

- A. On 17 May 2017, the CMA made an interim order which prohibited certain actions without the prior consent of the CMA and adopted the derogations to the Phase 1 Initial Enforcement Order to that date.
- B. On 18 October 2017, the CMA published a new Interim Order following publication of its Final Report and the interim order of 17 May 2017 ceased to be in force by virtue of section 81(5) of the Act.
- C. On 15 December 2017 the CMA accepted Final Undertakings which provided for implementation of the remedy to the substantial lessening of competition identified in the Final Report and maintenance of certain assets.

Derogation requests

1. On 19 March 2018, Cygnet requested derogations from the Final Undertakings to:
 - (a) amend the restrictions set out in the Final Undertakings such that they only apply in respect of the divestiture site, i.e. [REDACTED];
 - (b) allow the email addresses/domains for CAS [REDACTED] to move over to Cygnet email domains and addresses on [REDACTED] 2018; and
 - (c) allow CAS [REDACTED] to be included in the business' marketing materials.

CMA's decision

2. The CMA's decision on the above derogation requests is as follows:
 - (a) The CMA does not consent to the derogation request 1(a) above, but would be open to consider it at a later stage if there were likely to be a delay between the satisfaction of all material conditions for Completion and the actual completion date.

- (b) The CMA consents to derogations from paragraph 5.2(j) of the Final Undertakings, to allow the inclusion of CAS [X] email addresses to move over to Cygnet email domains subject to the Parties' confirmation that except for this, or previously approved derogations, the Parties' sites will continue to be operated in accordance with the Undertakings (eg no sharing of confidential information etc).
- (c) The CMA consents to derogations from paragraphs 5.1(as applicable); 5.2(d); 5.2(f); and 5.2(h) of the Final Undertakings, to allow the inclusion of CAS [X] within their business' marketing materials, subject to the Parties' confirmation that except for this, or previously approved derogations, the Parties' sites will continue to be operated in accordance with the Undertakings (eg no sharing of confidential information etc). Further, should [X] divestment not complete, the Parties agree to cease using the new marketing material for these sites.

Signed by authority of the CMA

Andrew Popham

21 March 2018