

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 1 June 2015

Completed acquisition by Harman International Industries, Incorporated of the Bang & Olufsen A/S assets associated with its automotive business

We refer to your letters dated 29 May 2015, 2 June 2015 and 4 June 2015 requesting the CMA's consent to derogations to the Initial Enforcement Order of 1 June 2015 (the '**Initial Order**'). Under the Initial Order, save for written consent by the CMA, Harman International, Harman UK and Harman Becker are required to hold separate the Harman International business from the B&O business (all the terms used in this letter are as defined in the Initial Order). After due consideration of your request for derogations from the Initial Order, Harman International, Harman UK and Harman Becker may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(b), 5(c), 5(d), 5(e), 5(h) and 5(i) of the Initial Order

During the Specified Period, and solely in relation to the Harman International business that is not associated with the development, production, assembly, sales, supply or otherwise of original equipment manufacturer fitted automotive car audio systems, the CMA grants a derogation from the above paragraphs of the Initial Order.

Paragraphs 4(a), 5(a) and 5(f) of the Initial Order

On the basis that the transaction involves a purchase of assets and in order to ensure that the B&O business continues to function as a viable business, during the Specified Period the CMA consents to the B&O business being integrated onto Harman International's IT system – including Share Point, SAP and EDI connections – subject to the existence of a firewall ring-fencing the information related to the B&O business with the result that the information is only accessible to B&O business employees.

The CMA also consents to the transition of B&O employees to the Harman International business' email system. The emails received by B&O employees prior to 1 June 2015 shall not be migrated to the email system of the Harman International business.

During the Specified Period, the CMA consents to the following IT staff to be involved in the integration of the IT system as set out in the paragraph above,

subject to all of the following named individuals being subject to non-disclosure agreements as approved by the CMA:

- [REDACTED];
- [REDACTED]; and
- [REDACTED].

Paragraph 5(a) and 5(c) of the Initial Order

During the Specified Period, the CMA consents to [REDACTED] to be given notice of any proposed expenditure required for contracts and investments by the B&O business exceeding \$[REDACTED] million and consents to [REDACTED] having a right to veto the proposed expenditure if, in good faith, he considers the expenditure to be out of the ordinary course of business. The CMA gives its consent on the basis that Harman International is required to inform the CMA if the right to veto is exercised to deny an expenditure exceeding \$[REDACTED] million and to provide an explanation to the CMA as to why the expenditure was denied.

Paragraphs 4(a) and 5(a) of the Initial Order

In regards to the pre-merger arrangement entered into by Harman International with a major leading automotive Original Equipment Manufacturer (OEM) to supply [X], the CMA consents to the following B&O employees to, during the Specified Period, continue to prepare and develop these products solely in anticipation of receiving purchase orders, subject to all of the following named individuals being subject to non-disclosure agreements as approved by the CMA:

- [X];
- [X];
- [X]; and
- [X].

This derogation is granted on the basis that Harman International and B&O entered into an arm's length licensing trademark agreement prior to the transaction and during the Specified Period, or should the transaction be prohibited or remedies accepted, any revenues derived from a purchase order will be attributed in accordance with that licensing trademark agreement.

Paragraphs 4(a) 5(a), 5(c) and 5(l) of the Initial Order

During the Specified Period and for the purpose of fulfilling external regulatory and/or accounting obligations, to organise logistical banking requirements and perform payroll functions, the CMA gives consent consents to the following individuals to have access to B&O financial information and to B&O employees' payroll information:

- [X];

- [REDACTED];
- [REDACTED]; and
- [REDACTED].

The CMA gives its consent on the basis that these named individuals sign non-disclosure agreements, the wording of which must be approved by the CMA, that firewalls will be in place in order to prevent the dissemination of commercially sensitive information and, should the transaction be prohibited or remedies accepted, that any records or copies (electronic or otherwise) of such information that have passed from B&O to the Harman International business, wherever they may be held, will be returned to the B&O business and any copies be destroyed.

Paragraphs 4(a), 5(f) and 5(l) of the Initial Order

Important support functions associated with the B&O business were not transferred to the Harman business or were only transferred to a limited extent. Therefore, during the Specified Period, the CMA gives its consent for the following individuals to have access to information relating to the B&O business necessary for the sole purpose of providing legal and corporate functional services:

- [REDACTED];
- [REDACTED];
- [REDACTED]; and
- [REDACTED].

The CMA gives its consent on the basis that these named individuals sign non-disclosure agreements, the wording of which must be approved by the CMA, that firewalls will be in place in order to prevent the dissemination of commercially

sensitive information and, should the transaction be prohibited or remedies accepted, that any records or copies (electronic or otherwise) of such information that have passed from B&O to the Harman International business, wherever they may be held, will be returned to the B&O business and any copies be destroyed.

Paragraphs 4(a) and 5(a) (and 5(l) of the Initial Order

During the Specified Period, and for the purpose of preparing the future transition of the production of the B&O business to the Harman business, the CMA consents to the following named individuals having access to the overall volume production figures of the B&O business on the basis that this does not include disaggregated volume production figures or other sensitive information relating to the B&O business:

- [✂];
- [✂];
- [✂];
- [✂];
- [✂]; and
- [✂].

The CMA gives its consent on the basis that these named individuals sign non-disclosure agreements, the wording of which must be approved by the CMA, that firewalls will be in place in order to prevent the dissemination of commercially sensitive information and, should the transaction be prohibited or remedies accepted, that any records or copies (electronic or otherwise) of such information that have passed from B&O to the Harman International business, wherever they may be held, will be returned to the B&O business and any copies be destroyed.