

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 emails dated 15 June 2015, 19 June 2015 and 22 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(a), 5(g), 5(h) and 5(l) of the Initial Order

On the basis of representations made by Harman International, the CMA understands that without the support of Harman's employees the B&O business will be unable to continue its discussions/negotiations with its current customer, [X], regarding future contractual arrangements for the supply of automotive audio systems. In relation to this request, Harman International informed the CMA that [X] is not a UK customer because its automotive audio systems procurement decisions are taken outside of the United Kingdom (UK).

Having regard to these representations, the CMA consents to the following named individuals – subject to their signing non-disclosure agreements as approved by the CMA – to be involved in the discussions of new contractual arrangements with [X] during the Specified Period solely for the purpose of ensuring that these discussions can be adequately conducted and preparing/planning the prospective transfer of the production of B&O branded car audio systems for [X] cars from the B&O business facilities to the Harman business facilities:

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

- [X].

The CMA grants this derogation on the basis that, during the Specified Period:

- all final decisions as to the commercial contract terms will be taken by [X], as senior manager of the B&O business, and/or other senior B&O employees responsible for the [X] account, as may be the case; and
- there will be no transfer of production from the B&O business to the Harman business facilities.

For the avoidance of doubt, the new contract arrangements agreed with [X] regarding the supply of automotive audio systems and the revenues derived from these arrangements shall remain with the B&O business during the Specified Period. Furthermore, the above mentioned Harman employees should not seek or negotiate any changes to the existing contracts and commercial relations between the B&O business and [X].

This derogation should not prevent any remedial action that the CMA may need to take regarding this merger. The [X] contracts will therefore be separately identified and capable of being transferred and, should the CMA take any remedial action, any records or copies (electronic or otherwise) of information regarding these contracts that have passed from the B&O business to the Harman business, wherever they may be held, will be returned to the B&O business and any copies be destroyed.

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

During the Specified Period, the CMA consents to the following named individual, being subject to non-disclosure agreements as approved by the CMA, to have access to the B&O business' financial information solely for the purpose of fulfilling regulatory and/or accounting obligations:

- [X].

Paragraphs 4(a), 5(a), 5(g) and 5(h)

On the basis of representations made to the CMA, the CMA understands the B&O business does not have a legal personality, and therefore has no ability to contract in its own name. Consequently, the CMA consents, during the Specified Period, to the following named legal entities submitting bids on behalf of the B&O business:

- Harman Becker Automotive Systems, Inc;
- Harman Becker Automotive Systems, GmbH;
- Harman International Industries, Incorporated; and

- Harman International Industries Ltd.

The CMA grants this derogation on the basis that, during the Specified Period, there will be no involvement of the Harman business employees, for any purpose, in the bidding process.

This derogation should not prevent any remedial action that the CMA may need to take regarding this merger. For the avoidance of doubt, any contracts that may be granted as a result of the bids submitted by the above entities on behalf of the B&O business are, for all purposes, part of the B&O business and should be separately identified.