

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 letter dated 2 July 2015 requesting the CMA's consent to a derogation 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 a derogation from the Initial Order, Harman International, Harman UK and Harman Becker may carry out the following action, 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, [☒], regarding future contractual arrangements for the supply of automotive audio systems. In relation to this request, Harman International informed the CMA that [☒] 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 B&O business individuals – subject to their signing non-disclosure agreements as approved by the CMA – to receive confidential information relating to the Harman International business during the Specified Period, solely for the purposes of ensuring that the discussions of new contractual arrangements with [☒] can be adequately conducted and for preparing/planning the prospective transfer of the

production of B&O branded car audio systems for [§] cars from the B&O business facilities to the Harman International business facilities:

- [§]; and
- [§].

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 [§], as senior manager of the B&O business, and/or other senior B&O employees responsible for the [§] 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 [§] 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.

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

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, the CMA gives consent consents to the following B&O individuals to have access to Harman's financial systems for the sole purpose of uploading B&O financial information as strictly required for the Harman International business to meet its regulatory and/or accounting obligations:

- [§];
- [§].

The CMA gives its consent on the basis that these named individuals will not have access to any commercially sensitive, confidential Harman information.

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 International 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 solely necessary for the purposes of providing legal services in relation to filing new patent applications and for preparing the Quarterly Earnings report:

- [☒];
- [☒];
- [☒]; and
- [☒].

The CMA gives its consent on the basis that: (i) these named individuals sign non-disclosure agreements, as approved by the CMA; and (ii) firewalls will be in place in order to prevent the dissemination of commercially sensitive information.

This derogation should not prevent any remedial action that the CMA may need to take regarding this merger. Therefore, any new patent applications that involve the B&O business will be separately identified and capable of being transferred to the B&O business

Any records or copies (electronic or otherwise) of confidential information regarding the Harman International business that have passed from the B&O business to the Harman International business, wherever they may be held, will be returned to the Harman International business and any copies be destroyed.

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. In its derogation to the Initial Order dated 8 June 2015, the CMA consented to four specified Harman International business group legal entities being able to submit bids on behalf of the B&O business during the Specified Period. In relation to this derogation, the CMA gives its further consent for existing B&O contracts to be transferred to these Harman International business legal entities and also for any future B&O contracts to be entered into by these legal entities.

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

purpose, in a bidding process except where the CMA grants a derogation for such activity.

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 transferred to or entered into 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 as such.

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

In its derogation to the Initial Order granted on 8 June 2015, and subject to certain safeguards, the CMA consented to the B&O business being integrated onto Harman International business' IT system on the basis that the transaction involves a purchase of assets and the integration was necessary to ensure that the B&O business continued to function as a viable business. In relation to this derogation, the CMA gives further consent for the following IT staff to be involved in the integration of the IT system during the Specified Period subject to the following named individual being subject to a non-disclosure agreement as approved by the CMA:

- [☒].

Paragraphs 5(c) and 5(i)

During the Specified Period, the CMA consents to the Harman International business' Human Resources team assisting the B&O business with its recruitment requirements on the basis that the B&O business does not have any Human Resources support and provided that the engaged members of the Harman International business' Human Resources team sign non-disclosure agreements as approved by the CMA.