

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 12 March 2019

Completed acquisition by Bauer Radio of UKRD

We refer to your email dated 23 May 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 12 March 2019 (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, Bauer Radio and HBV are required to hold separate the HBV business from the UKRD 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, HBV and Bauer Radio may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 6(c) and 6(i) of the Initial Order

Bauer Radio submitted to the CMA that William Rogers, UKRD CEO, and David Coull, UKRD Group Content Director intend to leave the UKRD business [X]. Bauer Radio submitted that it has taken all reasonable steps to encourage these key staff members to remain within the UKRD business, including [X]. Consequently, Bauer Radio proposes appointing Andy Preece as CEO to the UKRD business and to act as a director on the boards of UKRD and First Radio Sales Limited (**FRS**). It also proposes retaining William Rogers, previously the CEO, as a temporary non-executive director of the UKRD business.

Bauer Radio submitted that Andy Preece has extensive and in-depth knowledge of UKRD business, having been its CFO, and [X]. UKRD, and Andy Preece, will continue to benefit from the support of William Rogers in his new role of non-executive director.

2. Paragraphs 6(c), 6(i) and 6(l) of the Initial Order

[REDACTED: *Bauer Radio submitted that in view of the resignations of Messrs Rogers and Coull, it would be appropriate to appoint Phil Riley*] as Senior Independent Advisor to the UKRD business to provide independent advice and support to the management team of the UKRD business. Bauer Radio submitted that Phil Riley has significant relevant experience in the commercial radio sector and senior management experience that will be necessary to aid UKRD's commercial decision-making.

To ensure the effective operation of the UKRD business, the CMA consents to the appointment of Phil Riley for the purpose of offering support to the management of UKRD on the understanding that:

- Phil Riley is independent of Bauer Radio and is not, and has not been, an employee of Bauer Radio or HBV;
- Day-to-day management of the UKRD business will be performed by its management, with authorisation from Phil Riley only required in exceptional circumstances (ie only for contracts and expenditure exceeding a value of [✂]).

3. Paragraph 6(l) of the Initial Order

Bauer Radio requests that Phil Riley is able to escalate certain matters in exceptional circumstances to Peter Brimacombe, Bauer's Business Development Director. Bauer Radio submitted that information shared with Bauer Radio and HBV through Phil Riley will be shared in exceptional circumstances only, including for the authorisation of contracts and expenditure exceeding a value of [✂].

The CMA consents to Phil Riley sharing information with Peter Brimacombe in exceptional circumstances for the purpose of ensuring the viability of the UKRD business on the condition that:

- The CMA will be copied into any communication on matters escalated by Phil Riley to Peter Brimacombe.
- The commercially sensitive information which may be exchanged as a result of escalation to Peter Brimacombe will be limited to that which is strictly necessary.
- Peter Brimacombe will sign a non-disclosure agreement, obliging him not to share any commercially sensitive information relating to the UKRD Business with any employee of Bauer Radio or HBV, in a form agreed in advance with the CMA.

This derogation should not prevent any remedial action that the CMA may need to take regarding this merger.

Yours sincerely,

Lucy Pryde
Assistant Director, Mergers
29 May 2019