

To registered shareholders  
of Bang & Olufsen a/s

Struer, 05-09-2008

## Annual General Meeting of Bang & Olufsen a/s

Bang & Olufsen a/s' Annual General Meeting will be held on Friday, 26 September 2008, at 16.30 at Struer Gymnasium, Jyllandsgade 2, Struer.

### Agenda

1. Election of chairman.
2. The Board of Directors' report on the company's activities during the past year.
3. Presentation and approval of the audited Annual Report for the 2007/08 financial year, including the resolution concerning the discharge of the Management Board's and Board of Directors' obligations and the decision concerning the allocation of profits in accordance with the approved Annual Report.

4. Proposal by the Board of Directors:

The Board recommends to the Annual General Meeting:

- a. that the Board, on behalf of the company, is authorised to acquire – within 18 months from the date of the Annual General Meeting – up to 10 per cent of the company's share capital at a price which must not be more than 10 per cent above or below the most recent price quoted for the B shares (ordinary shares) on OMX The Nordic Exchange Copenhagen.
- b. that a dividend of DKK 3.00 be paid per nominal DKK 10 share bringing the total dividend to approx. DKK 36 million. Last year, the dividend was DKK 20.00 per nominal

share of DKK 10.00 equating to a payment of DKK 242 million.

- c. that the proposal submitted by the Board of Directors regarding general guidelines for performance-related remuneration be approved.
- d. that Article 9 paragraph 2 of the Articles of Association be changed from:

"Of the section of the Board of Directors elected at the general meeting, the 2 members longest in office shall retire each year at the ordinary general meeting; should more than 2 members have been in office for the same period of time, it shall be determined by lot who is to retire. No member shall be elected to hold office for a period exceeding four years. Re-election may take place."

to

"The section of the Board of Directors elected at the general meeting retire each year at the ordinary general meeting. Re-election may take place."

5. Election to the Board of Directors:

If the above proposal with regard to a change to Article 9, paragraph 2 is approved, all members of the Board of Directors elected at the ordinary general meeting are up for re-election.

Preben Damgaard Nielsen does not wish to be re-elected.

The Board of Directors proposes that Jørgen Worning, Lars Brorsen, Thorleif Krarup, Peter Skak Olufsen and Niels Bjørn Christiansen be re-elected.

The Board of Directors also proposes that Rolf Eriksen be elected to the Board of Directors.

6. Election of auditors:

The Board of Directors proposes that Deloitte, Statsautoriseret Revisionsaktieselskab be re-elected.

7. Other matters.

The company's nominal share capital totals DKK 120,813,380 apportioned between A shares, (ordinary shares (multiple voting shares)), of

nominally DKK 10,855,430 and B shares (ordinary shares) of nominally DKK 109,957,950. Each A share amount of DKK 10.00 carries 10 votes, while each B share of nominally DKK 10.00 carries 1 vote.

Admission cards for the Annual General Meeting can be obtained by forwarding the enclosed form by post or fax (no. + 45 43 58 88 67) to VP Investor Services A/S, to be received by VP Investor Services A/S no later than Monday, September 22, 2008, or by phoning VP Investor Services A/S, tel.: + 45 43 58 88 66 no later than Monday, September 22, 16:00.

Admission cards are also available from VP Investor Services A/S' website: [www.uk.vp.dk/agm](http://www.uk.vp.dk/agm).

If you are unable to attend, Bang & Olufsen a/s' Board of Directors would be grateful if you would authorise the Board to cast your vote by proxy. In this case, you are requested to complete the proxy form, and, using the enclosed reply envelope, ensure that it is received by VP Investor Services A/S no later than Monday, September 22, 2008.

Owing to the lack of parking space at Struer Gymnasium, we can again offer coach transport to our main building ("Gården") to Struer Gymnasium and back. These coaches are available from 15.45.

In connection with the Annual General Meeting, we would like to offer shareholders who are not employees, a demonstration of Bang & Olufsen's products and a presentation of Bang & Olufsen Automotive. In addition, we are offering the opportunity to visit the new Struer Museum where the history of Bang & Olufsen is presented in a separate section. Please assemble at Bang & Olufsen's main building (Gården) at 13.30 where you will be provided with entry tickets to the museum and transport will be organised.

If you would like to take part in the event prior to the Annual General Meeting, please tick the appropriate section on the form.

Yours faithfully,  
Bang & Olufsen a/s

  
Jørgen Worning  
Chairman

## Appendix to Agenda item 4.c.

### General Guidelines concerning performance-related remuneration

According to Section 69b, paragraph 1 of the Danish Companies Act, the Board of Directors – prior to specific agreements concerning performance-related remuneration with members of the company's Board of Directors or Management Board being entered into – shall have drawn up general guidelines for this. The guidelines shall be considered and approved at the company's general meeting and information on this must be included in the company's articles.

The Board of Directors' view is that a combination of fixed and performance-related remuneration for the Management Board contributes towards the company's ability to attract and maintain competent key employees while, at the same time, the Management Board has an incentive to create added value for the benefit of shareholders through part performance-related remuneration.

The aim of the general guidelines is to determine the framework for the variable portion of the salary with due regard for the company's short and long-term objectives and to ensure that the type of remuneration does not result in imprudent or unreasonable behaviour or an acceptance of risks.

#### 1. Individuals included

##### a. The Board of Directors

The Board of Directors receive a fixed fee which is approved annually by the general meeting. The Board of Directors, therefore, does not receive performance-related remuneration.

##### b. The Management Board

The current general guidelines for performance-related remuneration, therefore, only apply to executive directors notified to The Danish Commerce and Companies Agency as other groups of individuals outside the framework of these guidelines may have bonuses – or other performance-related remuneration included in their respective employment terms and conditions. In accordance with the articles, the registered Management Board must comprise at least 1 and no more than 5

members.

The Management Board's terms of employment and payment are agreed between the individual director and the Board of Directors and payment will normally comprise all the elements stated in section 2 below.

The Board of Directors has set up a remuneration committee, which assesses the Management Board's salary conditions on an ongoing basis.

## 2. Remuneration elements

The total fee for individual members of the Management Board comprises the following components:

- Fixed salary ("Gross salary"), including pension,
- The customary fringe benefits, e.g. car, telephone, newspapers etc.
- Cash bonus, c.f. point 3 below, and
- Share options, c.f. point 4 below.

## 3. Cash bonus

Individual members of the Management Board can receive an annual bonus which cannot exceed 35% of the individual's Gross Salary for the year in question. This cash bonus is intended to ensure compliance with the company's short-term objectives. The payment of the bonus and its size will, therefore, depend on the achievement of the objectives agreed from year to year. These primarily relate to the achievement of the company's budgeted results or the achievement of the financial ratios or other measurable personal results of a financial or non-financial nature.

## 4. Share options

Members of the Management Board can also be allocated options. Such allocations are intended to ensure value creation and the achievement of the company's long-term objectives. The option scheme is share based. Allocation can take place on an annual basis. For any single fi-

nancial year, options with a current value at the time of the allocation of up to 25% of the individual's Gross Salary at the allocation time can be allotted. The current value at allocation is calculated in accordance with the Black & Scholes method.

Normally, the options can be exercised 3 years after the option agreement has been entered into at the earliest. They usually expire if they are not exercised 6 years after the option agreement at the latest.

The exercise price for the options cannot be less than the market price for the company's shares at – or immediately prior to – the signing of the option agreement. The share options' exercise price is adjusted for dividend paid.

The company will cover the allocated options on an ongoing basis through the purchase of own shares. Consequently, no capital increase has to be undertaken in order to provide the shares covered by the allocated options.

The allocation can take place on tax-related conditions where the recipient's gains are taxed as salary at the time of the exercise of the option in return for the company obtaining tax relief.

As at 31 May, 2008, current and former members of the Management Board had 261,900 outstanding options which can be exercised in the period from 2008 to 2013. These had a total value of DKK 6.1 million, c.f. Note 5 to the 2007/08 Annual Report.