

Annual General Meeting in Bang & Olufsen a/s

Bang & Olufsen a/s' Annual General Meeting will be held on Wednesday 10 September 2014 at 2:30 pm CEST at Struer Statsgymnasium, Jyllandsgade 2, DK-7600 Struer, Denmark.

Agenda

1. The Board of Directors' report on the company's activities in the past year.
2. Presentation and adoption of the company's audited annual report for the financial year 2013/14, including resolution concerning discharge to the Management Board and the Board of Directors.
3. Resolution as to the distribution of profit or the covering of loss in accordance with the approved annual report.
 - 3.1 The Board of Directors proposes that no dividend shall be paid.

4. Proposals from the Board of Directors.

The Board of Directors proposes the following:

- 4.1 That the proposed remuneration to the Board of Directors for the current financial year is approved. The proposed remuneration, which remains unchanged since the last financial year, is as follows:
 - (i) The annual base remuneration paid to the members of the Board of Directors remains unchanged at DKK 275,000 for each member with respect to board members elected by the General Meeting or the employees, respectively, with 3 times the base remuneration and 2 times the base remuneration paid to the Chairman and Deputy Chairman, respectively.

(ii) The remuneration paid to the members of the Board of Directors serving on the company's Audit Committee is DKK 50,000 for each member, with 2 times the remuneration paid to the Chairman of the Audit Committee.

(iii) The remuneration paid to the members of the Board of Directors serving on the company's Remuneration Committee or Nomination Committee is DKK 50,000 for each member.

Reference is made to page 64 of the company's annual report (note 2.2).

- 4.2 That, in the period until 30 September 2015, the Board of Directors is authorised to let the company acquire own shares up to a nominal value corresponding to 10 per cent of the company's share capital, provided that the share price does not deviate by more than 10 per cent from the most recently quoted market price for the shares on NASDAQ OMX Copenhagen A/S at the time of the purchase.
- 4.3 That the company's "General guidelines concerning incentive-based remuneration" are amended to the effect that the members of the Management Board may, at the discretion of the Board of Directors, be offered to participate in a new Matching Shares Program, exercisable from 2017. As a consequence of the introduction of the new Matching Shares Program, any further grants of new stock options under the existing Long-term Incentive Share Option Scheme and the Special Share Option Scheme (both described in **Appendix 1** attached hereto) will be discontinued.
- The full text of the revised "General guidelines concerning incentive-based remuneration" is set out in Appendix 1.

- 4.4 That the following new provision is inserted in the company's articles of association as a new article 11, section 2:

"The company's annual report is prepared in English. The Board of Directors may decide that the annual report or a summarised version hereof is to be prepared in Danish as well."

The proposed amendment is a consequence of the adoption of section 100(a) of the Danish Companies Act which entered into force on 1 January 2014.

- 4.5 That the existing authorization to the Board of Directors to increase the company's share capital set out in article 4, section 4, of the Articles of Association is amended as follows:

"The Board of Directors is in the period until 31 May 2019 authorized at one or more times to decide to increase the company's share capital by up to a nominal value of DKK 43,197,470 by issuing new shares at market price or at a discount to market price by way of cash contribution or otherwise. The capital increase shall be with preemptive subscription rights for the company's existing shareholders. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and other rights in the company from such time as is determined by the Board of Directors in its decision to increase the company's share capital pursuant to this section, although no more than one year after the date of registration."

- 4.6 That the existing authorization to the Board of Directors to increase the company's share capital set out in article 4, section 5, of the Articles of Association is amended as follows:

"The Board of Directors is in the period until 31 May

2019 authorized at one or more times to decide to increase the company's share capital by up to a nominal value of DKK 43,197,470 by issuing new shares at market price by way of cash contribution or otherwise. The capital increase shall be without preemptive subscription rights for the company's existing shareholders. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and other rights in the company from such time as is determined by the Board of Directors in its decision to increase the company's share capital pursuant to this section, although no more than one year after the date of registration."

- 4.7 That the provision set out in article 4, section 6, of the Articles of Association is adjusted as follows:

"Pursuant to Article 4, sections 4 and 5 above, the Board of Directors may not decide to increase the company's share capital by more than a total nominal value of DKK 43,197,470."

If the proposals above under agenda items no. 4.5, 4.6 and 4.7 are adopted, article 4 of the Articles of Association will be updated as follows:

"Article 4:

Section 1. (unamended) The share capital of the company amounts to DKK 431,974,780-. The share capital is fully paid up.

Section 2. (unamended) The share capital is not divided into different classes of shares.

Section 3. (unamended) The nominal value of each share is DKK 10 or multiples thereof.

Section 4. (amended) The Board of Directors is in the period until 31 May 2019 authorized at one or more times to decide to increase the company's share capital by up to a nominal value of

DKK 43,197,470 by issuing new shares at market price or at a discount to market price by way of cash contribution or otherwise. The capital increase shall be with preemptive subscription rights for the company's existing shareholders. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and other rights in the company from such time as is determined by the Board of Directors in its decision to increase the company's share capital pursuant to this section, although no more than one year after the date of registration.

Section 5. (amended) The Board of Directors is in the period until 31 May 2019 authorized at one or more times to decide to increase the company's share capital by up to a nominal value of DKK 43,197,470 by issuing new shares at market price by way of cash contribution or otherwise. The capital increase shall be without preemptive subscription rights for the company's existing shareholders. The new shares shall in all respects rank pari passu with the existing shares. The new shares shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and other rights in the company from such time as is determined by the Board of Directors in its decision to increase the company's share capital pursuant to this section, although no more than one year after the date of registration.

Section 6. (amended) Pursuant to Article 4, sections 4 and 5 above, the Board of Directors may not decide to increase the company's share capital by more than a total nominal value of DKK 43,197,470.

Section 7. (unamended) The Board of Directors may implement the necessary amendments to the Articles of Association in connection with changes to the capital structure in accordance with the above resolution."

5. Election of members to the Board of Directors.

Pursuant to Article 8, section 2, of the Articles of Association, the members of the Board of Directors elected by the General Meeting stand for election each year at the Annual General Meeting.

Rolf Eriksen will retire from the Board of Directors and will not stand for re-election due to the age limit of 70 years stated in the rules of procedure of the Board of Directors as referred to on page 2 of the company's statutory report on corporate governance.

Further, André Loesekrug-Pietri will not stand for re-election.

The Board of Directors proposes the re-election of Ole Andersen, Jesper Jarlbæk, Jim Hagemann Snabe and Majken Schultz.

The composition of the Board of Directors reflects the skills and experience required to manage a public listed company. The company aims at composing the Board of Directors of persons who possess the professional skills and international experience required to serve as a board member.

With respect to the existing board members' qualifications, including management positions in other businesses, reference is made to pages 36-37 of the annual report. All existing board members are considered as independent.

Further, the Board of Directors proposes election of Albert Bensoussan and Mads Nipper as new board members.

Albert Bensoussan is a French citizen and currently lives in Paris, France. Albert Bensoussan has studied business at Ecole Supérieure de Commerce de Lyon-France and holds a Master of Business Administration (MBA) from Pace University, New York (USA).

Albert Bensoussan is currently CEO of the Luxury Watches and Jewelry Division at the Kering Group. Prior to joining the Kering Group, Albert Bensoussan has been employed with the LVMH Group for 12 years and Cartier, Paris (Richemont Group) for 8 years, both in which he held various senior managerial positions. He has also acted as an independent entrepreneur and consultant, specialising in luxury products.

The special skills possessed by Albert Bensoussan that are of importance for the performance of his duties as a new member of the Board of Directors of Bang & Olufsen a/s are his experience

within strategic management, as well as branding, sales and marketing of luxury products.

Albert Bensoussan is regarded an independent board candidate.

Mads Nipper is a Danish citizen and currently lives in Vejle, Denmark. Mads Nipper holds a Bachelor Degree in Business Administration and an MSc in International Business from the Aarhus School of Business (Denmark) and San Francisco State University (USA). He has also studied Strategic Planning and Management Retailing at the Babson College (USA) and has participated in an International Management Programme with DIEU.

Mads Nipper is currently CEO of Grundfos Holding A/S. Prior to joining Grundfos, Mads Nipper was employed with the LEGO Group for 23 years in which he held various senior managerial positions, latest a position as Chief Marketing Officer and member of the Group Management Board, with responsibility for Innovation, Marketing and Global Sales. Furthermore, Mads Nipper is a board member of Tulip Food Company A/S.

The special skills possessed by Mads Nipper that are of importance for the performance of his duties as a new member of the Board of Directors of Bang & Olufsen a/s are his experience within general management as well as product development, innovation, marketing and global sales of branded consumer products.

Mads Nipper is regarded an independent board candidate.

6. Appointment of auditors.

The Board of Directors proposes re-election of Ernst & Young P/S as auditors of the company.

7. Any other business.

The agenda together with the complete proposals, as well as the annual report, are available for the shareholders' inspection at the company's offices at Peter Bangs Vej 15, DK-7600 Struer, Denmark, from 15 August 2014. The above documents and the notice convening the Annual General Meeting, information about the total number of shares and voting rights as at the date of distribution of the notice convening the Annual General Meeting and the

forms to be used for voting by proxy and postal voting are also available at the company's website www.bang-olufsen.com/investor.

Adoption of the proposals under agenda items no. 4.5, 4.6 and 4.7 requires 2/3 of the votes cast as well as of the share capital represented at the Annual General Meeting, whereas adoption of the other proposals requires a simple majority of votes.

At the date of distribution of the notice convening the Annual General Meeting, the company's nominal share capital totals DKK 431,974,780, divided into shares of a nominal value of DKK 10 each or multiples thereof. Each share of a nominal value of DKK 10 carries one vote.

The notice convening the Annual General Meeting will be published and distributed in accordance with article 6 of the Articles of Association. The Annual General Meeting will be convened by notice in the newspapers "Dagbladet Holstebro-Struer" and "Jyllands-Posten", on the company's website and by written notice by post to all shareholders registered by name in the register of shareholders, who have so requested. Additionally, the notice will be published via NASDAQ OMX Copenhagen A/S. If you wish for the notice and/or the complete proposals to be sent to you by post, please contact VP Investor Services A/S on tel. +45 43 58 88 91.

Any shareholder is entitled to attend the Annual General Meeting if, by presentation of relevant identification, he/she has requested an admission card no later than on Friday 5 September 2014 at 11:59 pm CEST.

The registration date is Wednesday 3 September 2014. A shareholder's right to vote at the Annual General Meeting is determined on the basis of the shares registered in the shareholder's name in the register of shareholders at the expiry of the registration date, or the shares for which the shareholder at that time has notified and documented his/her acquisition to the company.

Admission cards to the Annual General Meeting may be obtained at the company's website www.bang-olufsen.com/investor where you will find a registration form. You may also request admission cards electronically at the company's website by using your CPR/CVR number and postal code or your VP reference number. Further, admission cards may be obtained by contacting VP Investor Services A/S on tel. +45 43 58 88 91. Admission cards and voting ballots will be sent to the address to which your custody account is registered.

To receive your admission card, you must submit a duly completed registration form to be received by VP Investor Services A/S no later than on Friday 5 September 2014 at 11:59 pm CEST either by post to VP Investor Services A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark, by fax to +45 43 58 88 67 or by email to vpinvestor@vp.dk.

If you are unable to attend the Annual General Meeting, you may issue a proxy or submit a postal vote. You may either issue a proxy or submit a postal vote, but you cannot do both. The proxy and postal voting form can be found at www.bang-olufsen.com/investor or may be obtained by contacting VP Investor Services A/S by phone on +45 43 58 88 91.

If you want to issue a proxy, the proxy voting form must reach VP Investor Services A/S no later than on Friday 5 September 2014 at 11:59 pm CEST by post to VP Investor Services A/S to Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark, by fax to +45 43 58 88 67 or by email to vpinvestor@vp.dk.

If you want to submit a postal vote, the postal voting form must reach VP Investor Services A/S no later than on Tuesday 9 September 2014 at 4:00 pm CEST by post to VP Investor Services A/S to Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark, by fax to +45 43 58 88 67 or by email to vpinvestor@vp.dk.

You may also appoint a proxy or submit a postal vote at VP Investor Services A/S' website www.uk.vp.dk/agm or at the company's website www.bang-olufsen.com/investor.

At the Annual General Meeting, the Board of Directors and the Management Board will answer questions from the shareholders on matters of relevance to the assessment of the annual report, the company's position and any other questions to be addressed at the Annual General Meeting. Questions can be submitted until the day before the Annual General Meeting by post to Bang & Olufsen A/S, Peter Bangs Vej 15, DK-7600 Struer, Denmark, addressed for the attention of Legal Counsel Claus Hartvig, or by email to cuh@bang-olufsen.dk.

Prior to the Annual General Meeting, we would like to offer shareholders who are not employees a demonstration of Bang & Olufsen's products. The event begins at 11:30 am in Bang & Olufsen's main building "Gården". Please announce your participation by calling tel. +45 96 84 11 22 if you wish to attend.

BANG & OLUFSEN A/S

ANNOUNCEMENT NO. 14.08

Yours sincerely
Bang & Olufsen a/s
Ole Andersen
Chairman

APPENDIX 1**General guidelines concerning
incentive-based remuneration**

These guidelines apply to incentive schemes for the Board of Directors and the Management Board in Bang & Olufsen a/s. The incentive-based remuneration will be dependent on individual or company performance.

1. The Board of Directors

The Board of Directors receives a fixed cash remuneration which is approved annually by the Annual General Meeting. The Board of Directors does thus not receive incentive-based remuneration.

2. The Management Board

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

The Management Board is defined as the managers registered with the Danish Business Authority.

The Management Board's terms of employment and remuneration are agreed between the individual manager and the Board of Directors, and the incentive-based remuneration may consist of the elements stated in this section 2.

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

The Management Board may be entitled to participate in the following incentive schemes:

- Cash bonus
- Matching Shares Program (introduced as from 10 September 2014)
- Long-term Incentive Share Option Scheme (no further grants after 10 September 2014)

- Special Share Option Scheme (no further grants after 10 September 2014)

2.1. Cash bonus

Individual members of the Management Board may receive an annual bonus which cannot exceed 35% of that member's gross salary for the relevant year. However, the CEO may receive an annual bonus which cannot exceed 100% of the CEO's gross salary for the relevant year.

This cash bonus is intended to ensure achievement of the company's short-term objectives. The payment of the bonus and the size thereof will therefore depend on the achievement of the objectives agreed from year to year. These objectives will 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.

The annual bonus which may be granted to the CEO must be divided so that 75% of the bonus may be paid if certain ordinary bonus objectives determined at the discretion of the Board of Directors in accordance with the criteria described above have been fulfilled, whereas the remaining 25% of the bonus may be paid if certain extraordinary bonus objectives determined at the discretion of the Board of Directors in accordance with the criteria described above have been fulfilled.

2.2. Matching Shares Program

Members of the Management Board may at the discretion of the Board of Directors be offered to participate in a Matching Shares Program.

Under the Matching Shares Program, the participating members are offered the opportunity to acquire shares in Bang & Olufsen a/s at their own cost ("Investment Shares") which after three years of ownership will provide the participating members with the right to receive 1–4 shares ("Matching Shares") in the company per Investment Share, subject to certain conditions having been fulfilled. The number of Matching Shares which the participating member will be entitled to receive (if any) is determined on the basis of the number of Investment Shares acquired and the performance of the company. The performance criteria will be determined by the Board of Directors and will primarily relate to the achievement of agreed targets with respect to the company's EBITDA, turnover and Customer Satisfaction Index.

Participation in the Matching Shares Program is regarded as variable salary and is offered to the members of the Management Board as an element of remuneration and in order to ensure that the Management Board stays focused on value creation and achievement of the company's long-term objectives.

Participation in the Matching Shares Program may be offered at the discretion of the Board of Directors and may be granted for one or more successive periods of time.

For the Management Board's participation in the Matching Shares Program, the following guidelines apply:

Participation in the Matching Shares Program is subject to the individual Management Board member acquiring Investment Shares in the company at a value that as a minimum corresponds to a percentage of the relevant member's annual base salary determined by the Board of Directors ("Investment Requirement"). In order to observe the Investment Requirement, the member may either purchase shares at market price on the Nasdaq OMX Copenhagen A/S during an open trading window prior to 1 November in the relevant year or transfer shares already owned by such member to the Matching Shares Program.

- A. The maximum number of Investment Shares which the participating members of the Management Board may transfer to the Matching Shares Program will be determined at the discretion of the Board of Directors, but may in no event exceed 20 % of the CEO's and 15 % of the additional members' annual base salary.
- B. Three years after the participating members' acquisition of the Investment Shares, the company will free of charge provide such members with Matching Shares in the company. The number of Matching Shares granted to the participating members will depend on the number of Investment Shares acquired and the performance of the company during the three-year vesting period. However, Matching Shares will only be granted to the participating member if the following conditions have been fulfilled:
 - i. The member has acquired a sufficient amount of Investment Shares to satisfy the Investment Requirement and has satisfied this requirement during the entire vesting period.

- ii. The member has not for any reason lost his/her right to participate in the program.
 - iii. The member is still employed with the company or has left the company as a good leaver (i.e. the member's employment has been terminated by the company without cause, due to the maximum retirement age or due to death, or the member's employment has been terminated by the member due to an applicable public or private pension scheme entering into force or due to the company's material breach of the employment relationship).
 - iv. The performance of the company meets the targets determined at the discretion of the Board of Directors.
 - v. The Matching Shares Program has not been terminated.
- C. Matching Shares provided to a member of the Management Board are not subject to any ownership requirements. In lieu of Matching Shares, the company is entitled to provide the member with a cash amount corresponding to the value of the Matching Shares.
- D. In the exceptional situation where Matching Shares have been provided to a member of the Management Board on the basis of data or accounts which subsequently proves to have been misstated, the company may reclaim in full or in part the Matching Shares provided on the basis of such data.

The market value of the participation of the members of the Management Board in the Matching Shares Program is estimated to a maximum amount of DKK 2,296,000 as per the date of grant.

2.3. Long-term Incentive Share Option Scheme (no further grants after 10 September 2014)

Prior to 10 September 2014 and for purposes of ensuring value creation and the achievement of the company's long-term objectives, Bang & Olufsen a/s has issued a Long-term Incentive Share Option Scheme for members of the Management Board.

No further stock options will be granted under the Long-term Incentive Share Option Scheme after 10 September 2014.

For further information on the total number of stock options granted to the current members of the Management Board under the Long-term Incentive

Share Option Scheme as well as on the market value of such stock options, reference is made to the company's annual report.

The key features of the Long-term Incentive Share Option Scheme are as follows:

- The option scheme is share based.
- Each stock option entitles the holder to buy one share in Bang & Olufsen a/s of a nominal value of DKK 10.
- The exercise price of the stock options was determined at the time of grant (no less than the market value of the company's shares at the date of grant). The exercise price and/or the number of granted options will be adjusted for any dividend paid by Bang & Olufsen a/s and in case of any other corporate actions that dilute the value of the options.
- The stock options will not vest and become exercisable until at least three years after the date of grant and will expire if not exercised within a period of two consecutive weeks starting six trading days after the announcement of the company's annual report for the relevant financial year.
- Vesting of the stock options may be conditional on achievement of the company's budgeted results or financial key figures.
- The total outstanding stock options cannot exceed 5% of the total share capital of Bang & Olufsen a/s at the date of grant (however, not including the Special Share Option Scheme which may be granted to the company's CEO, please see section 2.4. below).

2.4. Special Share Option Scheme (no further grants after 10 September 2014)

At the Annual General Meetings held on 10 March 2011 and 19 September 2013, respectively, the shareholders of Bang & Olufsen a/s approved a Special Share Option Scheme for the company's CEO for purposes of retaining the CEO and to ensure that the CEO stayed focused on value creation and the achievement of the company's long-term objectives.

The Special Share Option Scheme was divided into two separate schemes, the key features of each of which are described in further detail below: (i) a Special Share Option Scheme exercisable in the period 2013-2015; and (ii) a Special Share Option scheme exercisable in 2016.

No further grants of share options under the Special Share Option Scheme will be made after 10 September 2014.

For further information on the total number of stock options granted to the CEO under the Special Share Option Scheme as well as on the market value of such stock options, reference is made to the company's annual report.

(i) Special Share Option Scheme exercisable in the period 2013-2015

With effect from 11 March 2011, the company granted to the CEO a Special Share Option Scheme exercisable in the period 2013-2015, as further described in company announcement no. 10.16 of 11 March 2011 (as corrected by a company announcement of 14 March 2011). For this Special Share Option Scheme, the key features are as follows:

- The stock options granted in 2011 may be exercised in three portions of equal sizes in 2013, 2014 and 2015, respectively.
- The stock options may only vest and become exercisable if certain agreed targets with respect to the company's EBITDA and share price are met.
- The exercise prices of the stock options are fixed at 69, 77 and 86 for the options exercisable in 2013, 2014 and 2015, respectively. However, the number of shares and/or the exercise price for the stock options will be adjusted for any dividend paid by Bang & Olufsen a/s and in case of any other corporate actions that dilute the value of the options.
- The total number of stock options granted under the Special Share Option Scheme exercisable in the period 2013-2015 is capped at 1,250,000 stock options. Each option grants a right to buy one share in Bang & Olufsen a/s of a nominal value of DKK 10, equal to 3.45% of the total share capital of the company at the date of grant of the stock options.
- Based on a Black & Scholes calculation, the estimated market value of the stock options at the date of grant equals approximately DKK 10 million.
- The gain that may be realized under the Special Share Option Scheme at exercise is capped at DKK 20 million per year (2013-2015), i.e. the total gain is capped at DKK 60 million (before tax).

(ii) Special Share Option Scheme exercisable in 2016

With effect from 20 September 2013, the company granted to the CEO a Special Share Option Scheme exercisable in 2016, as further described in company announcement no. 13.07 of 20 September 2013. The key features of this Special Share Option Scheme are as follows:

- The stock options may be exercised in 2016.
- The stock options may only vest and become exercisable if certain agreed targets with respect to the company's EBIT and share price are met. The exercise price of the stock options is fixed at 60. However, the number of shares and/or the exercise price for the stock options will be adjusted for any dividend paid by Bang & Olufsen a/s and in case of any other corporate actions that dilute the value of the options.
- The total number of stock options granted under the Special Share Option Scheme exercisable in 2016 is capped at 665,000 stock options. Each option grants a right to buy one share in Bang & Olufsen a/s of a nominal value of DKK 10, equal to 1.7% of the total share capital of the company.
- Based on a Black & Scholes calculation, the estimated market value of the stock options at the date of grant equals approximately DKK 3.7 million.
- The gain that may be realized under the Special Share Option Scheme at exercise is capped at DKK 20 million (before tax).

2.5. Grant of options

At the discretion of the Board of Directors, the company intends, to the extent possible and on an ongoing basis, to cover the stock options that are expected to be exercised or Matching Shares that must be provided to a member of the Management Board through the acquisition of own shares. Consequently, it is expected that no capital increase is required in order to provide the shares covered by the stock options granted or to cover the company's obligations under the Matching Shares Program.

3. Publication of the guidelines

These guidelines have been reviewed and approved by the Annual General Meeting held in Bang & Olufsen a/s on 10 September 2014. The guidelines have been published on the company's website www.bang-olufsen.com.

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This is an English translation. In case of discrepancy between the Danish version and the English translation of these guidelines, the Danish version will prevail.