

Annual General Meeting in Bang & Olufsen a/s

Bang & Olufsen a/s' Annual General Meeting will be held on Thursday 23 August 2018 at 16:30 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 2017/18, including resolution concerning discharge to the Executive 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 be paid.
4. Proposals from the Board of Directors.

The Board of Directors proposes the following:

- 4.1 That the following remuneration level for the financial year 2018/2019 is approved by the General Meeting:

(i) The annual base remuneration paid to the members of the Board of Directors is DKK 300,000 for each member with respect to board members elected by the General Meeting or the employees, respectively, with 3 times the base remuneration and 1.5 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 75,000 for each member, with two 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, Nomination Committee or Technology Committee is DKK 75,000 for each member.

- 4.2 That, in the period until 31 August 2020, the Board of Directors is authorised to let the company acquire own shares up to a nominal value corresponding to 15 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 Copenhagen A/S at the time of the purchase.
- 4.3 That the company's "General guidelines concerning incentive-based remuneration" applicable for the current financial year are amended to the effect that a participating member may at the discretion of the Board of Directors be deemed as a good leaver in other instances than expressly set out in the guidelines, provided that such participating member (i) has been instrumental in the value creation and achievement of the company's long-term objectives and (ii) has been employed with the company for the entire duration of the three financial years to which the respective Matching Shares Program relates.

The full text of the revised "General guidelines concerning incentive-based remuneration" is set out in Appendix 1.

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.

The Board of Directors proposes the re-election of Ole Andersen, Juha Christensen, Jesper Jarlbæk, Majken Schultz, Albert Bensoussan, Mads Nipper and Kai Lap (Ivan) Tong.

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 40-41 of the annual report. All existing board members are considered as independent.

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 Hjernvej 21, DK-7600 Struer, Denmark, from Thursday 26 July 2018. 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.

All proposals may be passed by 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 Copenhagen. If you wish for the notice and/or the complete proposals to be sent to you by post, please contact Computershare A/S at tel. +45 45460999.

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 17 August 2018 at 11:59 pm CEST.

The registration date is Thursday 16 August 2018. 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 requested electronically on the Shareholder Portal via www.bang-olufsen.com by logging in with username and password or NemID.

Admission cards can also be ordered by filling in the registration form, which can be found on the company's website, and sending it by post, to Computershare A/S, Lottenborgvej 26 D, 1. Sal, DK-2800 Kgs. Lyngby, Denmark, by fax to +4545460998, or by email to gf@computershare.dk.

Furthermore, admission cards may also be obtained by contacting Computershare A/S on tel. +45 45460999.

Request for admission cards must be submitted no later than Friday 17 August 2018 at 11:59 pm CEST.

Admission cards and voting ballots will be sent to the address to which your custody account is registered.

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 and you can do so electronically on the Shareholder Portal via www.bang-olufsen.com by logging in with username and password or NemID or by filling in the proxy and postal voting form which can be found on the company's website, and sending it by post, to Computershare A/S, Lottenborgvej 26 D, 1. Sal, DK-2800 Kgs. Lyngby, Denmark, by fax to +45 45460998, or by email to gf@computershare.dk. Furthermore, the form can also be obtained by contacting Computershare A/S on tel. +45 45460999.

Nomination of proxy must be submitted by Friday 17 August 2018 at 11:59 pm CEST and postal votes must be submitted by Wednesday 22 August 2018 at 4:00 pm CEST.

At the Annual General Meeting, the Board of Directors and the Executive 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, Hjermvej 21, DK-7600 Struer, Denmark, addressed for the attention of VP, Global General Counsel Line K hler Ljungdahl, or by email to lj@bang-olufsen.dk.

Prior to the Annual General Meeting, we would like to offer shareholders to visit Bang & Olufsen's new Innovation Lab facilities. The event begins at 14:00 pm in Bang & Olufsen's Innovation Lab, Hjermvej 21, 7600 Struer. Please announce your participation by sending an e-mail to investors@bang-olufsen.dk or calling tel. +45 96 84 11 22 if you wish to attend.

**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 Executive 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 Executive Management Board

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

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

The Executive 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 Executive Management Board's remuneration conditions on an ongoing basis.

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

- Cash bonus
- Matching Shares Programs (introduced as from 10 September 2014)

2.1. Cash bonus

Individual members of the Executive Management Board may receive an annual bonus which cannot exceed 38.5% 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 Programs

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

Under the company's Matching Shares Programs, 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, the performance of the company and the participant's continued employment in 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 earnings and turnover.

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

Participation in one or more Matching Shares Programs may be offered at the discretion of the Board of Directors.

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

Participation in the Matching Shares Programs is subject to the individual Executive 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 Copenhagen during an open trading window 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 Executive Management Board may transfer to each Matching Shares Program will be determined at the discretion of the Board of Directors, but may in no event exceed 30% of the CEO's and 25% of the additional members' annual base salary.
- B. Three years after the participating member has been offered and accepted to participate in a Matching Shares program and subject to fulfilment of the below conditions, including agreed performance targets, 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 until the expiration of the 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 such termination being due to the member's breach, 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). **A participating member may at the discretion of the Board of Directors be deemed as a good leaver in other instances than set out above, provided that such participating member (i) has been instrumental in the value creation and achievement of the company's long-term objectives and (ii) has been employed with the company for the entire duration of the three financial years to which the respective Matching Shares Program relates. Further, if a**

member is employed with the Company at the expiry of a Matching Shares Program, but has been delayed in acquiring Investment Shares due to the member being in possession of inside information, such member shall maintain its right to receive Matching Shares, even if the member terminates his/her employment with the Company after expiry of the Matching Shares Program.

- iv. The criteria for the grant as determined by the Board of Directors are fulfilled.
- v. The Matching Shares Program has not been terminated.

C. Matching Shares provided to a member of the Executive 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 Executive Management Board on the basis of data or accounts which subsequently prove 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 Executive Management Board in the Matching Shares Programs for 2018 is estimated to a maximum amount of DKK 15,404,000 as at the date of grant. The estimate is based on the market value of the company's shares on the date of the notice to convene the annual general meeting 2018, and the market value of the participation of the members of the Executive Management Board may increase in case of an increase in the actual market value of the company's shares as at the date of grant.

The members of the Executive Management Board may at the discretion of the Board of Directors be offered to participate in further Matching Shares Programs. The estimated maximum amount may in subsequent years increase in comparison to the 2018 estimated amount in case of salary increase or increase of the market value of the company's shares.

2.3. 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 Matching Shares that must be provided to a member of the Executive Management Board through the acquisition of own shares. Consequently, it is expected that no capital increase is required in order to provide the shares to cover the company's obligations under the Matching Shares Programs.

3. Publication of the guidelines

These guidelines have been reviewed and approved by the Annual General Meeting held in Bang & Olufsen a/s on 23 August 2018. 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.