

Bang & Olufsen a/s **Extraordinary General Meeting**

**2011**



**BANG & OLUFSEN**

## Appointment of Chairman

The Board of Directors has appointed Søren Meisling, Partner in Advokatfirmaet Bech-Bruun, as Chairman of the meeting.

**BANG & OLUFSEN**

## Agenda

1. Election of new members to the Board of Directors
2. Adoption of overall guidelines for incentive-based remuneration
3. Delegation of authority to the chairman of the meeting
4. Other matters

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## New elections – proposal from the Board of Directors



**Managing Director  
Jesper Jarlbæk**

Bachelor's degree in Commerce and is a chartered accountant.

1975-2002 Employed at Arthur Andersen, most recently as Managing Partner for Arthur Andersen Denmark and Managing Partner, Assurance and Business Advisory in the Nordic countries.

2002-2006 President, CEO of Deloitte.

Recommended on the basis of the following areas of expertise:

- Financial/accounting skills
- Board experience from listed companies
- Experience with IT development projects and IT controls.
- General management experience.
- International experience.

*The candidate is independent c.f. corporate governance recommendations.*

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## New elections – proposal from the Board of Directors



**Dr. Alberto Torres**

Graduated with a PhD in Computer Science and holds Bachelor and Master of Science degrees from Universidad Simón Bolívar.

1994-2004 Management Consultant at McKinsey & Co in USA and France within the areas of consumer electronics, software and internet service.

2004- Employed by Nokia.

2005-2008 Managing Director of "Vertu"

2008-2011 A number of leading positions in the Nokia Group  
- most recently as a member of Nokia's Group Management.

Recommended on the basis of the following areas of expertise:

- Experience with global sales and distribution of CE as well as luxury retailing.
- Strategic skills from the CE and Luxury Goods industries.
- Turnaround experience (Vertu).
- General management experience.
- International experience.

*The candidate is independent, c.f. corporate governance recommendations*

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## Overall guidelines for incentive-based remuneration

### **1. The Board of Directors**

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

### **2. The Management Board**

The Board of Directors has set up a remuneration committee, which assesses the terms and conditions applying to the Management Board's salaries. The Management Board can receive the following incentive-based remuneration:

#### **2.1 Cash bonus**

#### **2.2 Long-term share option scheme**

#### **2.3 Special share option scheme**



## The special share option scheme

1. The CEO to be allocated 1,250,000 share options (3.45% of the share capital), each of which entitles him to buy one share.
2. The stock options may be exercised in three portions of equal size after the end of the 2012/13, 2013/14 and 2014/15 financial years.
3. The stock options may only be exercised if the defined minimum targets for EBITDA and share price are met. The number of options that can be exercised will increase in accordance with the earnings achieved and if the actual share price exceeds the minimum targets.
4. The exercise price of the number of options that can be exercised is DKK 69, DKK 77 and DKK 86 for the respective portions.
5. The gain that can be realised under the special share option scheme is capped at DKK 20 million for each portion and at DKK 60 million in total.

## The reasons for special share option scheme

1. In order to attract a CEO with the appropriate skills, it is necessary to offer a compensation package that is competitive nationally and internationally.
2. The total annual compensation for the new CEO is largely unchanged compared to that of the previous CEO – based on a total value of the special share option scheme of approx. DKK 10 million.
3. The elements in the overall compensation package are unchanged in that a major proportion is variable and therefore performance based. The cash compensation is, therefore, less than before.
4. The new CEO is committed to acquire shares in Bang & Olufsen at a price of DKK 2 million. The shares that are acquired by Bang & Olufsen at the average price for the last five trading days prior to the announcement of the appointment are not transferable while the CEO is employed by Bang & Olufsen.
5. The total compensation package is aimed at creating common interests between the CEO and the shareholders.

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