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The Chairman's oral speech to the extraordinary general meeting 4 March 2009

I'm delighted to welcome our shareholders to this EGM. We propose Søren Meisling as Chairman of the meeting. Søren Meisling is a senior partner with the law firm Bech-Bruun and has advised us on the preparation of the prospectus.

If there are no other proposals I will hand over to Søren Meisling.

(The Chairman confirms the legality of the general meeting and gives the floor to the Chairman)

At the AGM in September, we reviewed Bang & Olufsen's situation. Since then, the financial crisis has worsened and turnover in many countries, especially in Europe, has developed extremely negatively. Walking around Danish shopping centres before Christmas I was particularly concerned to see the growing number of discounted products. November and December should be the time when retail sales peak during the year. Instead there were sales and discount signs everywhere. In the United States and the Far East the situation was much the same.

The overhead shows Bang & Olufsen's sales in the first half year for individual countries. You should note the strong decline in European markets, which are severely affected. As well as the negative impact on sales, the international financial crisis also led to increased focus on Bang & Olufsen's liquidity and balance sheet, including the equity capital ratio.

As is clear from our announcements, changes have already been implemented in a number of areas with a view to restructuring and strengthening the sales organisation and focusing on product development, including a digital technology platform as the fundamental elements in a stronger product portfolio.

This will take time and require investment. Consequently, it is imperative that the company has the necessary solvency and support from lenders to implement these far-reaching plans.

Bang & Olufsen's solvency ratio was 45% as at 30 November 2008. In view of the market challenges and with a view to supporting the implementation of the strategies and plans financially, the Board of Directors has deemed it necessary to secure a stronger solvency.

Consequently, the Board of Directors decided to prepare an in-depth basis for decision-making and to initiate negotiations with the major shareholders while negotiating with the company's lenders. It became clear fairly fast that a number of major shareholders put forward the condition that in order to participate in a share issue, the A shares should be converted to B-shares in order to make them negotiable instruments.

The existing A-shareholder agreement assumed that the A and B share structure was temporary. The Board of Directors, therefore, continued its work to ensure that, in the event of a share issue, a substantial part of the issue should be preferential and that Bang & Olufsen would, in future, only have one share class.

On 15 January, we announced that the major shareholders had indicated that they would subscribe to shares of DKK 200 million in connection with a share issue, that a satisfactory framework for the company's financing of operations had been secured through existing bank connections and that the company would work towards combining the share classes and preparing a prospectus as a basis for a forthcoming share issue.

At the time, Bang & Olufsen A/S owned approximately 6% of the share capital in the form of B-shares.

The majority of this shareholding was sold to the Færch Foundation shortly after the publication of the Stock Exchange announcement for the second quarter. As a result, we were pleased to welcome the Foundation as a 5% shareholder. Moreover, the Færch Foundation has announced that it expects to subscribe to their part of the forthcoming share issue.

In accordance with the A-shareholder agreement, a meeting with the A-shareholders was held on 27 February. At the meeting, it was unanimously decided to terminate the shareholder agreement.

The Board's objective is that, in the longer term, Bang & Olufsen must have a solvency ratio of over 50% which, in the present situation and under current estimates regarding the immediate future, means that the share issue has to raise approximately DKK 400 million. The precise amount can always be discussed. Nevertheless, in the light of the international credit crisis with bad liquidity and viewed against Bang & Olufsen's capital structure, the Board of Directors recommends to the general meeting that a limited issue be executed.

It is also recommended that a discount be given in relation to the current price and that the issue should be aimed at existing shareholders. In the proposal for this extraordinary general meeting, we set a reasonably wide framework for the number of shares to be issued. This will depend on the price development of B&O shares up to the issue date and, of course, on the ask price.

The prospectus for the share issue is expected to be published in early April. At this time, the number of issued shares and the ask price will be determined. As a working proposition, the Board of Directors aims for an issue of around DKK 400 million. This, however, carries some uncertainty - upwards as well as downwards. The net proceeds will, of course, not be finally determined until the issue has been completed by the end of April.

At this point, the major shareholders have, as mentioned, already given an assurance of a preferential subscription of DKK 200 million.

As previously stated, the issue is conditional upon the termination of the share structure of A and B shares. The termination of the A share agreement on 27 February allowed for this.

Consequently, the Board of Directors recommends to the general meeting that the share classes be terminated in line with the stipulated provisos.

As you will be aware, Bang & Olufsen's annual accounts run from 1 June 2008 to 31 May 2009. This means that the results for the third quarter, i.e. the period from 1 December 2008 up to and including 28 February 2009 is expected to be announced in early April. The prospectus containing information on the share issue will be published after that. As a result, we cannot give details of the current operations at the present time, but have to refer to the prospectus which is currently under preparation and which, as I said, will be published in early April.

It remains for me to say that we have one wish – that consumers begin spending again and are willing to invest in B&O products. It is impossible to assess the length of the current financial crisis. Our predictions, therefore, carry the same uncertainties. One thing, however, is certain and that is that Bang & Olufsen is on track with its product development. Shortly, a large number of new and exciting B&O products will appear in our shops across the world. So we look forward to seeing consumers beginning to buy once again. We at Bang & Olufsen are ready to receive our customers wherever they are around the world.

Thank you.