

Press release from Vestas Wind Systems A/S

Randers, 12 August 2009
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Vestas closes blade factory on the Isle of Wight, UK

Vestas has today confirmed it will cease blade production activities at the company's sites on the Isle of Wight and in Southampton, UK resulting in 425 employees today being dismissed as redundant. Employees at the blade factory were informed of the decision today following the conclusion of consultation with employees and their representatives concerning the proposed closure of the factory. Vestas will continue research and development activities on the Isle of Wight, and maintains its sales and service business in the UK.

The difficult decision follows Vestas' announcement on 28 April 2009 that it would reduce production capacity in Northern Europe as conditions in these markets have not met the company's expectations. At the same time, Vestas is investing in a significant production base in the US. The expansion in the US has created substantial excess production capacity in Northern Europe – which has so far also manufactured turbines for the US market – as it does not make sense, from an environmental and cost perspective, to ship turbines overseas instead of providing them locally. Unfortunately, demand on the Northern European market cannot absorb the excess capacity.

This has had a serious impact on the company's blade factory on the Isle of Wight as in recent years all the blades produced here have been exported to the US. Plans to convert production at the factory to a blade type more suitable for the UK market were discontinued due to the current unfavourable market conditions caused by the credit crunch, weak currencies and lacking political support at a local level.

On 30 April, Vestas therefore initiated consultation with employee representatives over the proposal to cease production activities at the blade factory.

During the consultation process, Vestas has considered various proposals to mitigate the job losses and where possible find alternative employment for employees within Vestas. It can confirm that 40 employees have been found new roles within the Vestas research and development facility on the Isle of Wight. In addition, 57 employees will continue to work at the factory for a further period of time to assist in its closure.

"The decision to close the factory was very difficult, and we fully recognise the impact this will have on employees, their families and on the Isle of Wight. Nonetheless, this commercial decision was absolutely necessary to secure Vestas' competitiveness and create a regional balance between production and the demand for wind turbines," says Ole Borup Jakobsen, President of Vestas Blades. *"We understand and have sympathy that employees are deeply affected by the closure. Throughout the consultation period, minimising the impact on employees and providing all the support we can in this situation has been our first and foremost priority. The employee representatives and the local factory management have worked closely with local job centres and career counsellors to ensure employees have received professional help to identify alternative career and employment opportunities."*

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As part of Vestas' outplacement strategy, all employees have during the consultation period received information, advice and guidance from a range of support agencies and been invited to attend workshops focusing on job search strategies and development of personal action plans.

Furthermore, all employees have had access to a team of career advisors and have been offered help with claiming financial assistance from government funded support schemes. Vestas has also organised training courses and qualification programmes and facilitated employment opportunities with local, national and international companies.

In close cooperation with employees and their representatives, Vestas has developed a redundancy package which is well above UK statutory requirements. The package includes:

- Redundancy payments that are more than double those that are required by statute and which have been calculated on the basis of actual weekly pay, rather than the statutory maximum weekly pay of £350;
- Making discretionary redundancy payments to employees with less than two years service and who, on account of the length of service, would not ordinarily qualify to receive a statutory redundancy payment;
- Health Care, Dental Plan and Employee Assistance Programme membership until 31 March 2010; and
- Retraining funds for each employee.

As stated in Vestas' announcement of 28 April 2009, Vestas will consider investing in new manufacturing capacity in the UK if this market develops into a strong and stable market. The UK has very favourable wind conditions, but the present market is not large enough to justify the required investment to convert the Isle of Wight factory to produce blades for the UK market. In particular, the local planning process for onshore wind power plants in the UK remains an obstacle to the development of the market. Since offshore wind power is still on a project basis, a large and stable market for onshore wind power is vital to secure a stable production flow. Vestas is, as ever, ready to work with all relevant political parties to secure a long-term sustainable market for onshore wind power in the UK.

Vestas proceeds with its already announced plans to expand its existing research and development activities on the Isle of Wight by making significant investments in a new blade technology centre on the island. The centre will be capable of designing, manufacturing prototypes and testing the world's largest wind turbine blades and is scheduled to open in 2011. Vestas is grateful to the UK government for its intended grant support to Vestas Technology UK Ltd.'s research and development centre on the Isle of Wight which is crucial for facilitating this expansion.

Today, the centre employs a staff of 110 which is expected to grow to about 150 by the end of the year. The existing factory at St. Cross on the Isle of Wight will be used as a prototyping facility, and a prototype team will be trained on the new technology. With this Vestas will retain core manufacturing know-how integrated with the technology centre.

In addition to its research and development activities, Vestas has sales and service activities in the UK. Vestas has installed almost 900 turbines with a total installed capacity of about 1,080 megawatts in the UK (as of 31 December 2008).

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