

# Remuneration report 2012 – for the Executive Management

The Board of Directors believes that a combination of fixed and performance-based pay to the Executive Management helps ensure that the company can attract and retain key employees. The Executive Management is further encouraged to reach short- and long-term business results and to create shareholder value through partly incentive-based pay.

Based on proposals from the Nomination & Compensation Committee for the remuneration of the Executive Management, the Board of Directors annually assesses and approves the remuneration to ensure that it is in line with the conditions for comparable positions in other companies. All terms of their remuneration are fixed by the Board of Directors.

According to law firm Gorrissen Federspiel's remuneration analysis of Large Cap and C20 companies listed on NASDAQ OMX Copenhagen A/S in Denmark, the average remuneration (incl. of pension, benefits and cash bonus) in 2011 for an executive management function was EUR 3.4m<sup>5)</sup> (DKK 27.6m).<sup>6)</sup>

## Remuneration policy and incentive pay

Members of the Executive Management receive a competitive remuneration package consisting of a fixed salary, bonus, share options, warrants and personal benefits, ref. remuneration policy approved by the general meeting in March 2011.

Fixed salary is based on market level to attract and retain executives with the required competencies. Share options focus on retention and long-term value creation for the shareholders. Bonus is based on the company's results for the year. If it is proved after the grant of variable components to members of the Executive Management that these were paid erroneously, the company may in exceptional cases reclaim the variable components in full or in part.

Members of the Executive Management are employed under executive service contracts, which contain a notice of termination of up to 24 months, which is normal for executives in Danish companies.

## Fixed salary

The fixed salary is based on market level to attract and retain talented executives with the required competencies.

## Bonus

- Members of the Executive Management participate in a bonus scheme based on the results for the year.
- The bonus is paid out annually after adoption of the annual report for the relevant financial year.
- The bonus may not exceed 95 per cent of the fixed salary, which level can only be achieved at a weighted target achievement of 130 per cent. Furthermore, the bonus will be cancelled at a weighted target achievement of less than 80 per cent.

## Executive Managements' remuneration

EUR

	2012 <sup>7)</sup>	2011 <sup>8)</sup>
Fixed salary	2,846,151	1,712,820
Bonus	-	-
Granted share options for the financial year (number)	172,014	82,869
Granted share options for the financial year	599,432	1,138,038
Exercised options in the financial year (number)	-	-
Exercised options in the financial year	-	-
Total granted options for the period 2008 to - (number)	352,613	259,367

5) The average number of members of an executive management function is four members.

6) Gorrissen Federspiel: Large Cap companies (remuneration, composition, Board of Directors and Executive Management 2011). July 2012, page 25.

7) Five members of the Executive Management as per 31 December 2012.

8) Two members of the Executive Management as per 31 December 2011.

The bonus scheme is based on target achievement of a number of parameters, including EBIT, net working capital, revenue and customer loyalty.

## Share options

For any single financial year, the Executive Management may be granted options with a maximum net present value at the time of grant equivalent to 115 per cent of the individual member's gross salary on the date of grant.

## Personal benefits

Members of the Executive Management have access to a number of work-related benefits, including company car, free telephony, broadband at home and work-related newspapers and magazines.

## Compensation on takeover of Vestas Wind Systems A/S

The members of the Executive Management will not receive any compensation in the event of termination in connection with a change of ownership of the company's voting majority or if the company is dissolved through a merger or demerger. The Executive Management's notice of termination will, however, be extended to 36 months. There are no agreements on severance pay to any member of the Executive Management.

## Redundancy pay

There is no agreed redundancy pay/compensation for voluntary or non-voluntary termination.

## Pension scheme

Members of the Executive Management are not covered by Vestas' employer administered pension plan or a defined benefit pension scheme.

## Remuneration approved by the Board of Directors

In 2012, a total of EUR 2.8m was paid in salaries to the Executive Management, ref. note 6 to the consolidated accounts.

Based on the results achieved in 2012, no bonus will be paid in 2013 for the performance year 2012.

In 2012, EUR 0.6m was expensed as share-based payment, ref. note 6 to the consolidated accounts.

In the financial year 2012, a total of 172,014 options were granted to the Executive Management, exercisable in 2016-2017 at a price of DKK 60.66.