Remuneration policy for members of the Board and Executive Management

Vestas Wind Systems A/S
Introduction

The remuneration policy for members of the Board of Directors and Executive Management of Vestas Wind Systems A/S reflects the interests of the shareholders and the company, taking into consideration any specific matters, including the assignments and the responsibility undertaken. In addition, the remuneration policy helps promote long-term goals for safeguarding the company’s interests.

With respect to incentive pay, reference is made to the overall guidelines for incentive pay, which have been approved at the company’s Annual General Meeting and are available at vestas.dk/investor.

Board remuneration

Efforts are made to ensure that the remuneration of the Board of Directors matches the level in comparable companies, whilst also taking into consideration board members’ required competencies, effort and the scope of the board work, including the number of meetings.

Board members elected by the employees receive the same remuneration as the board members elected at the General Meeting.

Fixed remuneration

Members of the Board of Directors receive a fixed cash amount (basic remuneration), which is approved by the General Meeting for the current financial year.

The basic remuneration is stated in the annual report. The chairman receives a triple basic remuneration and the deputy chairman receives a double basic remuneration for their extended board duties.

In addition to the basic remuneration, annual committee remuneration is paid to board members who are also members of one of the board committees. The committee remuneration is stated in the annual report, and the remuneration is determined using the same principles as for the basic remuneration, and the committee chairman receives double committee remuneration.

Incentive programme, bonus pay, etc.

The Board of Directors is not included in incentive programmes (share option programmes, bonus pay or similar plans).

Compensation on takeover of Vestas Wind Systems A/S

On any takeover, retiring board members will not receive any compensation for their lost board remuneration and similar benefits.
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Reimbursement of expenses
Expenses in connection with board and committee meetings are reimbursed as per account rendered.

Pension scheme
The Board of Directors is not covered by any Vestas pension scheme or a defined benefit pension scheme.

Remuneration of 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. At the same time, the Executive Management is given an incentive to create shareholder value through partly incentive-based pay.

Members of the Executive Management are employed under executive service contracts, and the Board of Directors sets the terms within the frames of the contracts.

The Nomination & Compensation Committee submits proposals concerning the remuneration of the Executive Management and ensures that the remuneration is in line with the conditions in comparable companies. The proposals are submitted for approval in a board meeting.

Members of the Executive Management receive a competitive remuneration package consisting of the following components:

- Fixed salary
- Bonus
- Share options
- Personal benefits, e.g. company car, free telephony, broadband, newspapers, etc.

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 in full or in part variable components.

The total remuneration for the Executive Management is stated in the annual report.

Fixed salary
The fixed salary shall be based on the market level. The total remuneration of the Executive Management is stated in the annual report. Members of the Executive Management do not receive any remuneration for directorships held in Vestas Wind System A/S’ subsidiaries.
Variable components
The variable components shall always be within the limits of the overall guidelines for incentive pay adopted by the General Meeting.

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; ref. the overall guidelines for incentive pay.

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.

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

Share options
Share option programmes are in place for members of the Executive Management. The focus of the share option programmes is to retain and create long-term shareholder value.

The intention of such grants is to ensure value creation and fulfilment of the company's long-term goals. The option scheme is share-based. The options are granted annually in connection with the Board's consideration of the annual report and will be conditional upon sustained employment.

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. The present value upon allotment is calculated according to the Black & Scholes method.

The options are exercisable not earlier than three years following the grant and will normally lapse if they remain unexercised after five years following the grant. The exercise price for the options is fixed at the beginning of the financial year where the Nomination & Compensation Committee also determines the size of the programme. The exercise price cannot at this time be lower than the price quoted by the stock exchange for the company's shares. The exercise price of the share options is adjusted for dividends paid.

The company will cover the granted options by purchase of treasury share, ref. the authorisation acquired by the General Meeting.

The grant will be made on fiscal terms, meaning that the profit of the recipient will be taxed not as highly as usual provided that the company will not deduct the costs in relation hereto.
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. The extent of individual benefits is negotiated with each individual member of the Executive Management.

Members of the Executive Management are covered by Vestas insurance policies:

- Accident insurance
- Health insurance
- Directors and Officers Liability Insurance

Notice of termination
Vestas can terminate the employment relationship giving 24 months’ notice. A member of the Executive Management can terminate the employment relationship with Vestas by giving 12 months’ notice.

If a shareholder controls more than 50 per cent of the voting rights in the company, if the company is delisted from NASDAQ OMX Copenhagen, or if the company is merged or demerged, members of the Executive Management will not receive any compensation. However, the company’s notice of termination towards a member of the Executive Management will be extended for the following two years to a total of 36 months to the end of a month.

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.

Randers, February 2011
Approved by Vestas Wind Systems’ Board of Directors

Aarhus, March 2011
Approved by the Annual General Meeting