

Remuneration report 2014 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 partly through incentive-based pay.

Remuneration policy and incentive pay

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.

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 the remuneration of the Executive Management are fixed by the Board of Directors.

Members of the Executive Management receive a competitive remuneration package consisting of a fixed salary, bonus, share-based incentives, and personal benefits, ref. remuneration policy approved by the Annual General Meeting in March 2013.

Members of the Executive Management are employed under executive service contracts, which contain a notice of termination of up to 24 months, 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.

Cash bonus

Members of the Executive Management participate in a bonus scheme based on the results for the year and bonus is paid out annually after adoption of the annual report for the relevant financial year.

Bonus pay-out level is defined by a weighted target achievement and is capped at a certain percentage of the fixed salary with the target and maximum pay-out levels set at 50 per cent and 75 per cent of the annual base salary, respectively. No pay-out will be made if the targets are not met at the defined minimum acceptable performance level.

The bonus scheme is based on target achievement of a number of parameters, including financial key performance indicators like EBIT and cash flow as well as any other targets approved by the Board of Directors.

Share-based incentives

Share-based incentives focus on retention and long-term value creation for the shareholders.

For any performance year, the number of shares to be granted to the combined Executive Management may amount to a total of 150,000 performance shares if the specified targets are achieved. The maximum grant for any performance year is 225,000 performance shares and is only achievable if the targets are overachieved (150 per cent of the target). The actual number of shares is decided after the end of the performance year, and can be adjusted upwards or downwards, taking the company's performance into consideration. If the minimum requirements for financial performance are not met, there will be no grant of performance shares.

The performance shares will be granted in two portions; the first half of the shares will be granted two years after the performance year and the second half of the shares will be granted four years after the performance year, with the total grant size based on the results in the performance year.

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.

Redundancy pay

There is no agreed redundancy pay or 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. Pension is considered included in the fixed salary.

Remuneration approved by the Board of Directors

In 2014, a total of EUR 4.1m was paid in salaries to the Executive Management.

Based on the results achieved in 2014, the combined Executive Management will receive a bonus of EUR 2.6m in 2015. In 2014, EUR 1.2m was expensed as share-based payment, ref. note 6 to the consolidated financial statements.¹⁾

Executive Management's remuneration²⁾

	2014	2013
Fixed salary (EUR)	4,147,072	3,696,301
Bonus (EUR)	2,612,655	2,066,498
Performance shares for the financial year ³⁾ (number)	151,413	139,571
Performance shares for the financial year ³⁾ (EUR), at a fair value	3,945,322	892,515
Total granted options for the period 2008-2012 ⁴⁾ (number)	110,010	119,687

1) The targets for performance shares are similar to the ones for bonus pay-out.

2) In 2014, the Executive Management has not exercised any granted performance shares or options.

3) The performance shares will be granted to the Executive Management in 2017 and 2019.

4) 9,677 options have expired in 2014.