PROSPECTUS DATED 16 MARCH 2010

VESTAS WIND SYSTEMS A/S

(incorporated with limited liability in Denmark, registered with the Danish Commerce and Companies Agency under CVR number 10403782)

€600,000,000

4.625 per cent. Notes due 2015

Issue Price: 99.533 per cent.

The €600,000,000 4.625 per cent. Notes due 2015 (the **Notes**) are issued by Vestas Wind Systems A/S (the **Issuer**).

Interest on the Notes will be payable annually in arrear on 23 March of each year, commencing on 23 March 2011. Interest will accrue from (and including) 23 March 2010 to (but excluding) 23 March 2015 at the rate of 4.625 per cent. per annum.

The Notes mature on 23 March 2015. The Issuer, may at its option, redeem all (but not some only) of the Notes at any time at par plus accrued interest, in the event of certain tax changes described under "*Terms and Conditions of the Notes – Redemption and Purchase*". In addition, the Issuer, may at its option, redeem all (but not some only) of the Notes at any time at the Make Whole Redemption Price plus accrued interest as described under "*Terms and Conditions of the Notes – Redemption and Purchase*". The holder of each Note will have the right to require the Issuer to redeem or purchase (or procure the purchase) of such Note at its principal amount together with accrued interest upon the occurrence of certain events as described under "*Terms and Conditions of the Notes – Redemption and Purchase*".

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 12.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Luxembourg Act**) to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's Regulated Market. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and Directive 2003/71/EC (the Prospectus Directive).

The Notes will be in bearer form and initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be issued in new global note (**NGN**) form. The Temporary Global Note will be delivered on or about 23 March 2010 (the **Closing Date**) to a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) (together the **ICSD**s). The Temporary Global Note will be exchangeable, in whole or in part, for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 3 May 2010 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances, in whole but not in part, for Notes in definitive form with interest coupons attached.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the *Securities Act*) and are subject to U.S. tax law requirements. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act (*Regulation S*). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

JOINT LEAD MANAGERS

NORDEA BANK DANMARK A/S

RABOBANK INTERNATIONAL

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

UNICREDIT BANK

JOINT LEAD MANAGER (NO BOOKS)

SEB

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated IN and form part of the Prospectus.

The Issuer has confirmed to the Managers named under "Subscription and Sale below (the Managers) that all statements of fact contained in this Prospectus are on the date hereof true and accurate in all material respects and that there are no other facts which are not disclosed in this Prospectus as at the date hereof, the omission of which (in the context of the issue and offering of the Notes) make any statement herein misleading in any material respect. In particular, the Issuer has confirmed to the Managers that this Prospectus contains as at the date hereof, all such information with respect to the Issuer, the Group and the Notes required under applicable regulations and contains all information (according to the particular nature of the Issuer, the Group and the Notes), that is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group and the rights attaching to the Notes; the statements of opinion and intentions in this Prospectus are honestly made and based on reasonable assumptions; and all reasonable enquiries have been made by the Issuer to ascertain such facts, information and statements in this Prospectus and to verify the accuracy of all such facts, information and statements.

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus. No representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law, no responsibility or liability is accepted by the Managers (as defined in "*Subscription and Sale*") or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No Manager accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer or the Managers to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus, that the information contained herein concerning the Issuer or the Issuer and its consolidated subsidiaries (the

Group) is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Managers represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and Denmark, see "*Subscription and Sale*".

Unless a specific source is identified, all information regarding market and other operating and statistical data provided in this document is based on the Group's own estimates. In making estimates, the Group relies on data produced internally and, where appropriate, external sources, including information made public by other market participants or associations, such as BTM Consult ApS, Emerging Energy Research 2009 and Global Wind Energy Council. As far as the Issuer is aware and is able to ascertain from such external sources, no facts have been omitted which would render any such information or data presented in this document inaccurate or misleading. However, although publications prepared by other market participants or associations generally state that the information they contain has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed and neither the Issuer nor any other member of the Group has independently verified such information.

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

IN CONNECTION WITH THE ISSUE OF THE NOTES, SOCIÉTÉ GÉNÉRALE AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this document to **EUR**, **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Forward Looking Statements

Certain statements contained in this Prospectus constitute ''forward looking statements''. These forward looking statements can be identified by the use of forward looking terminology, including the terms ''believe'', ''estimate'', ''anticipate'', ''intend'', ''may'', ''will'' or ''should'' or in each case their negative, or other variations or comparable terminology. Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty and other risks described in ''Risk Factors''. There can be no assurance that the results and events contemplated by the forward looking statements contained in this Prospectus will, in fact, occur.

These forward looking statements speak only as at the date of this Prospectus. The Issuer will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus except as required by law or by any appropriate regulatory authority.

No Profit Forecast

No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that the financial performance of the Issuer for the current or future financial years would necessarily match or exceed the historical published financial performance of the Issuer.

CONTENTS

GENERAL DESCRIPTION OF THE NOTES

This following general description of the Notes must be read as an introduction to the more detailed information appearing elsewhere in this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole and not solely on this summarised information, including the documents incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this summary.

The Issuer:	Vestas Wind Systems A/S The Issuer is a limited liability company incorporated under Danish law. Its registered office is located at Alsvej 21, DK-8940 Randers SV, Denmark and its telephone number is +45 9730 0000. It is registered with the Danish Commerce and Companies Agency under CVR number 10403782. The Issuer is a manufacturer of wind turbines. Its core business comprises the development, manufacture, sale and maintenance of wind technology that uses the energy of the wind to generate electricity. The Issuer specialises in the planning, installation, operation and maintenance of wind turbine technology and has competencies that cover everything from site studies to service and maintenance. The Issuer's shares are listed on the NASDAQ OMX Copenhagen A/S.
Joint Lead Managers:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Nordea Bank Danmark A/S Société Générale UniCredit Bank AG.
Joint Lead Manager (No Books):	Skandinaviska Enskilda Banken AB (publ).
Fiscal Agent and Principal Paying Agent:	Deutsche Bank AG, London Branch
Paying Agent:	Deutsche Bank Luxembourg S.A.
The Notes:	€600,000,000 4.625 per cent. Notes due 2015.
Issue Price:	99.533 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 23 March 2010.
Use of Proceeds:	The net proceeds of the issue of the Notes will be applied by the Issuer for general financing and corporate purposes. See "*Use of Proceeds*".
Interest:	The Notes will bear interest from (and including) 23 March 2010 at a rate of 4.625 per cent. per annum payable annually in arrear on 23 March in each year commencing 23 March 2011.

Status:	The Notes are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, except for obligations given priority by law.
Form and Denomination:	The Notes will be issued in bearer form in the denomination of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000. The Temporary Note and the Permanent Global Note will be issued in NGN form.
Final Redemption:	23 March 2015.
Optional Redemption:	The Notes may be redeemed at any time prior to 23 March 2015 (the ***Maturity Date***) at the option of the Issuer (in whole but not in part) at the Make Whole Redemption Price, as described in Condition 5(c) (*Redemption at the option of the Issuer*). The Notes may be redeemed prior to the Maturity Date at the option of the Noteholders at the principal amount together with accrued interest following a Change of Control Put Event, as described in Condition 5(d) (*Redemption at the option of Noteholders*).
Tax Redemption:	The Notes may be redeemed at any time prior to the Maturity Date, at the option of the Issuer (in whole but not in part) at the principal amount together with accrued interest, for tax reasons, as described in Condition 5(b) (*Redemption for taxation reasons*).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 3 (*Negative Pledge*).
Cross Default:	The Notes will have the benefit of a cross default, among other events of default, as described in Condition 8 (*Events of Default*).
Withholding Tax:	All payments in respect of the Notes and the Coupons will be made free and clear of withholding taxes of Denmark, unless the withholding is required by law. In that event the Issuer will (subject as provided in Condition 7 (*Taxation*)) pay such additional amounts as will result in the Noteholders and the Couponholders receiving such amounts as would have been received by them had no such withholding been required, subject to certain exceptions as described in Condition 7 (*Taxation*).
Governing Law:	The Notes, the Fiscal Agency Agreement, the Subscription Agreement, and any non-contractual obligations arising out of or in connection with them, will be governed by and shall be construed in accordance with English law.
Listing and Trading:	Application has been made for the Notes to be admitted to listing on the official list and admitted to trading on the Luxembourg Stock Exchange's Regulated Market.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.

Selling Restrictions:	United States of America, United Kingdom and Denmark. See "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves risks. See "*Risk Factors*".
Financial Information:	See "*Documents Incorporated by Reference*", "*The Issuer — Selected Consolidated Financial Data*" and "*Financial Information and Auditors' Report*".

RISK FACTORS

Prior to making any investment decisions, prospective purchasers of the Notes should carefully consider all the information contained in this Prospectus as a whole, including the matters set out below which the Issuer, based on the information available to it at the time of this Prospectus, or of which the Issuer is otherwise aware, considers to be the principal material risks with respect to the Notes. The prospective purchaser should take into account that matters which may not be considered material by the Issuer but become material or factors of which the Issuer is not currently aware but may become material later, may impact on the Issuer's ability to pay interest, principal or other amounts on or in connection with the Notes. The Issuer believes that should any of the risks described below occur, this could have a material adverse effect on the Issuer's business, financial condition, results of operations, future prospects or the price of the Notes. In addition, the risks below are not the only risks to which the Issuer may be subject. Similarly, the sequence in which the risk factors below are presented is not indicative of their importance ranking, likelihood of occurrence or the scope of their financial impact. Prospective investors should reach their own views based on an appropriate analysis prior to making any investment decisions. Terms defined in the "Terms and Conditions of the Notes" shall have the same meaning when used below.

Risks relating to the Issuer's business and the market in which it operates

1. *The Group's revenue, cash flow and profits from the sale of its goods and services are affected by the general economic environment and economic factors affecting it and its customers*

A wind power project typically represents a substantial investment for which the Group's customers are generally required to obtain project finance or other financing. As the global financial system experiences unprecedented credit and liquidity conditions and disruptions, leading to a reduction in liquidity, greater volatility and the general widening of credit spreads, many lenders have reduced or ceased to provide funding to borrowers. The financing terms available to the Issuer's customers, including, in particular interest rates for such financing, have a significant influence on whether (and when) the Issuer's customers will proceed with the development of various wind power plant projects, thus utilising the Issuer's products and services. If the current credit and liquidity conditions continue or worsen, it could adversely affect the Group's business, results of operations, financial condition or prospects, particularly in worsening or volatile market conditions.

Additionally, the current financial market conditions may have a flow-on effect on the assessment of the creditworthiness of the Group's customers, either by rating agencies, who may downgrade such customers, and thus reduce the probability of such customers obtaining financing on sufficiently attractive terms to facilitate wind project developments utilising the Group's products, or by the Issuer itself, who may elect not to contract with a particular counterparty if it does not consider it prudent to do so, particularly without full payment security in such instances.

In addition, the financing institutions could from time to time experience higher demands for finance during parts of the year due to seasonal fluctuations in the sale of wind power plants, which could reduce the ability of the Group's customers to obtain timely finance, causing them to postpone or abandon wind power plant developments.

2. *Fluctuations in price of other sources of energy could impact on the cost competitiveness of the Group's products*

The demand for wind power equipment is affected by the cost of wind-generated electricity in terms of cost and efficiency per kiloWatt-hour (kWh) of electricity generated ("cost of energy"), compared to electricity generated from other sources of energy. In addition to energy produced from other renewable energy sources, principally solar and hydro electric power, the main competition to wind power is oil, coal, gas and nuclear-fuelled power generation. The useful comparable benchmark in relation to all sources of energy is cost of energy offered by a particular energy source. A significant drop in the cost of the traditional sources of energy, such as fossil fuels, would have an adverse impact on the competitiveness of renewable energy sources, including wind, as a comparable source of energy, and thus as a cost effective and attractive investment proposition. Such drops may occur if, for instance, known reserves of oil increase significantly. The converse is also true, for instance, recent high prices for fossil fuels have enhanced the price competitiveness of electricity from renewable energy sources. Further, the Group's sustained investment in product development has led to a continuing reduction in the cost of energy, thereby making wind power more competitive.

However, it should be noted that an increase in cost competitiveness or a leap in technology of other sources of power generation, could result in lower demand for wind power equipment and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

3. *The Group could be affected by increasing competition from new and existing industry participants, with possible consolidation of the industry in the future*

The markets in which the Group operates are increasingly competitive and any failure on the Group's part to compete effectively on an ongoing basis could materially affect the Group's business, results of operations or financial condition. The key factors affecting competition in the wind power industry are the capacity and quality of products, technology, price, the ability to fulfil local market requirements and the scope, cost and quality of maintenance services, training and support.

Competition in the wind power industry has intensified in recent years as a result of a number of factors, including international expansion by existing industry participants exploiting new markets, particularly as political will around the issues of global warming and the environment become more prominent to the political agenda in those new markets. There has also been increasing pressure from Asian manufacturers rapidly improving the quality and reliability of their technologies, and considering moving out of their local markets and into international cross border transactions. Market entry by certain large industrial groups, including those previously unconnected to wind, through acquisitions and licence agreements and numerous greenfield establishments in certain markets, also poses a competition risk.

The competitive environment in the industry may become more challenging in the years ahead, particularly in the even of greater consolidation in the industry, leading to greater market power and "economies of scale" by such market players which translate into being able to offer greater "cost of energy" savings to wind power plant customers.

The Group's current market position could be undermined by product innovation, changes in pricing and similar factors implemented by competitors. The increased use of competitive bidding processes for contracts with public utility companies may mean that those of the Group's competitors with greater financial resources are able to accept lower bids, particularly those with a strategy of increasing their market share. Such events could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

4. *Government initiatives in relation to renewable energy*

The sustained international attention being paid to reducing CO2 emissions and the opportunity to trade CO2 quotas directly and indirectly support the expansion of wind power and, in turn, the wind power industry in general. Governments in many countries support the expansion of wind power and such support has been a significant contributing factor in the rapid growth of the industry. Support for investments in wind power is typically provided through financial incentive schemes or public grants to the owners of wind power systems, for example through subsidising tariffs on power generated by wind turbines or tax incentives promoting investments in wind power.

In the past, the decrease or elimination of direct or indirect government support schemes in a country or state has had a negative impact on the market for wind power in that country or state. Although governmental support will likely be in effect at least until the ratio of wind power to total power consumption has reached a certain level consistent with political goals, no forecasts can be made as to when this share of the output will be reached in each country or state. If government support were terminated or reduced, the use of wind power to generate electricity could become less competitive. Although the Group's established presence in a number of markets around the world minimises the cumulative impact that such change may have on the Group's operations, a decrease or elimination of government support could reduce the demand for the Group's wind power equipment, and its revenues from sales which in turn could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

With increased focus on climate change, there is now a much greater public and political interest in a far broader range of renewable energy sources, going beyond the traditional "renewables", such as solar, wind or hydro. Furthermore, with a drive in many countries for diversification of energy sources, modern biomass, geothermal, tidal and biofuels, as well as nuclear power, all compete for governmental support and a prioritised focus. This may have an adverse impact on the level of funding or subsidy allocation that may have otherwise been available to wind energy, which may have a negative effect on the demand for wind generation equipment, which in turn may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, unfavourable media coverage of the Group, whether justified or not, could result in a decrease in demand and a decline in sales and earnings.

5. *Changes in environmental and other laws and regulations governing the Group's business may adversely affect the Group's business, results of operations, financial condition or prospects*

Using wind turbines in the production of power is an environmentally friendly production method. Many countries have introduced legislation governing the production, erection, operation and decommissioning of wind turbines, including the duty to obtain approvals before commencing a project to obtain the optimal benefits from using wind power. To the extent that individual countries may introduce and/or change legislation, this could result in changes to the technical requirements for wind power equipment and the methods used to manufacture them.

Such changes may extend to permitted noise levels of wind turbine generators, the prescribed distance to be maintained between wind generation power plants and urban areas, the height of wind turbines in a given area, or impose similar restrictions on wind power plant developments. This may impose significant constraints on the growth of the wind power industry as a whole and require the Group to incur additional costs in order to comply with these laws or regulations, including the development of legally compliant products, which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

There is also a risk that legislation requiring the manufacturers of wind turbines to take back electrical equipment from decommissioned wind turbines will be adopted retroactively, which could cause the Group to incur costs. The legislation which is currently being considered by the EU is still in a preliminary phase and the Group is monitoring its development closely. Currently the Group is not subject to legislative or contractual obligations to accept the return of its products from customers, but such a requirement might arise in the future, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group also has to comply with a wide range of laws and regulations in the jurisdictions in which it operates, including laws and regulations relating to tax. Changes in the laws or regulations (or their interpretation or enforcement) governing the Group's business may adversely affect the Group's business, results of operations, financial condition or prospects.

6. *The Group's ability to fund its capital expenditure programme and ongoing operations may be affected by its inability to finance such needs through debt financing*

To support its growth ambitions, the Group will require capital outlay to support its capital expenditure programme. The Group may also need to invest in new technologies in the future, which could require significant capital expenditures and, if certain technological standards in the industry develop faster than anticipated, the Group may require greater capital investments in shorter time frames than anticipated and will require resources to make such investments.

The Group's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on normal market conditions. During the last 18 months, the global credit markets have tightened significantly, and the future credit risks may continue to be larger and more pervasive than previously thought. The functioning of financial markets has also become increasingly impaired and financial volatility has increased substantially. This market slowdown may adversely impact the Group's ability to borrow from banks or in the capital markets and may significantly increase the availability and costs of such borrowing.

While alternative sources of financing may be available, such as for instance equity markets, there is a risk that sufficient sources of financing are not available in the future for the above mentioned or other reasons. If sufficient sources of financing are not available in the future for these or other reasons, or the Group cannot generate sufficient cash flows to fund its needs, including its research and development programme, the Group may be unable to meet its capital expenditure needs, sustain its operations or meet its other capital requirements, which could materially and adversely affect its business, results of operations, cash flows or financial condition.

In many countries the electricity transmission and distribution systems and infrastructure is either in its infancy (such as in emerging markets and developing countries), or was constructed during the boom periods for infrastructure construction in the relevant countries, such as during the post war period in Europe, or the 1970s in many states in the US. These power grid systems now require significant upgrades and overhauls, which negatively impact on the capacity of the existing power grid to cope with new wind power plant installations, in addition many grids need to be expanded to reach the areas where wind generation is occurring. Such upgrades and extensions involve significant capital outlay either by the developers of the power plants, thus impacting on the economics of such power projects and their attractiveness as investment propositions, or rely on governmental support, which is often either not available or takes prolonged periods of time, delaying project development and consequently revenue generation. Although grid related issues are prominent on the political agenda and wind generation forms part of broader energy transmission planning in key European markets, the United States and China, any of the factors outlined above may have a negative effect on the demand for wind generation equipment, which in turn may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

7. The Group may not be able to maintain a competitive level of new product development

The key trend in the wind power industry is the move to more technically advanced and larger wind turbines. Cognisant of the reliance of the wind industry on the cost competitiveness of wind power plants, the new materials, manufacturing processes and transport and erection solutions that the Group utilises form an integral part of the Group's product development. This integrated product development concept is being applied with a view to lowering the cost of energy for the Group's customers by ensuring that all aspects are considered in the effort to increase the performance of the wind power plants. In spite of efforts to conduct thorough product and concept development procedures, the use of new materials, manufacturing processes and transport and erection solutions always involves a risk of defects or of problems that have not been seen previously or were unforeseen during the development phase.

Although the Group's management believes that the Group dedicates the resources necessary to refining and developing current and new technologies and products, due to uncertainty in assessing future technological developments, it is not certain whether such technologies and products will be successful and if not, this may have a material adverse effect on the Group's business, financial condition and results of operations.

There can be no assurance that in an ever changing market, the Group will succeed in launching new products in a timely manner and that the new products launched will be accepted in their respective markets, or that such acceptance will endure. A substantial delay in launching new products could significantly impact the ultimate success of a product and other related products, and also impede the further sale of predecessor products.

Despite the Group's initiatives in integrated product development and extensive testing of technology and wind turbines, there is also a risk that the pressure to develop more advanced wind turbines could strain technology and increase exposure to design defects in the turbines. Each of these circumstances could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

8. The Group's revenues are subject to fluctuations

In the past, the sales revenues and results from operations of the Group have significantly fluctuated during the year. The Group believes the interim results of its business will continue to vary due to a number of factors, such as strong fluctuations in incoming orders, the timing of receipt of necessary permits, the timing of delivery of large projects, the launch of new products and weather conditions that may delay the erection of wind power plants.

Delays in the receipt of permits and the timing of delivery of projects can also cause sales revenues and the related profit margins on projects to be deferred from one year to the next, thereby affecting the business, financial condition and results of operations of the Group in any given year.

A large portion of the Group's operating expenses are fixed costs which cannot be adjusted according to short-term fluctuations in business activities. As a result, a decrease in sales revenues in a given period could have a material adverse effect on the Group's business, results of operations, financial condition or prospects for that period.

9. Risks related to large projects

A substantial part of the Group's turnover is generated by the supply and installation of wind turbine generators at large wind power plants, and the Group expects this trend to continue, particularly as part of a more complex framework of contracts with key customers. The risks facing the Group as a supplier of such large projects are very different from the risks the Group faces when supplying individual or small numbers of turbines.

Large contracts may also be structured as consortium contracts, for which the Group also incurs a risk in respect of the consortium partner fulfilling its technical or commercial obligations. Generally, the Group is the main supplier to such consortiums and thus the other consortium partners deliver a limited part of the total supply. The risk of the other consortium partners not fulfilling their obligations can be compared with the risk of sub-suppliers not fulfilling their obligations towards the Group.

Larger projects often pose greater execution risk, due to the sheer size of the project, the number of contractors involved and the cumulative effect of delays, leading to possible payment of liquidated damages with respect to delays in construction which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

10. Warranty commitments and product defects

As with any supply and installation of power plants, wind turbine generators are supplied with a defect liability period, typically of up to 24 months post project completion, during which period the Group is required, at its cost, to rectify any mechanical or other faulty components. Furthermore, wind turbine generators supplied by the Group are supported by certain warranties with respect to certain performance criteria such as noise, the power curve and the availability of the turbines throughout the year.

In certain countries in which the Group operates, statutes of limitation or specific construction legislation contain provisions permitting, in certain types of contracts, a right to bring claims for periods of up to 20 years in respect of latent defects that exist at the time of delivery.

Although it is the Group's current practice not to offer "serial defects" warranties or any uncertain liability exposure beyond the initial defect liability period, in certain jurisdictions the Group is obliged to provide such commitments. The Group may also in very special circumstances decide to offer such commitments for commercial reasons, subject to the approval of the Group's Contract Review Board and so long as the terms of such commitments meet detailed requirements. For instance, a special standard of service is applied in certain markets (primarily in Germany) by which the Group commits to its wind turbines achieving certain availability ratios for an extended period of time, in addition to providing maintenance and repair services. In Germany these commitments are typically backed by insurance policies for a portion of the operating period. The insurance policies cover most, but not all, potential costs related to warranty claims arising as a consequence of such commitments. In the event of serial defects, the insurer may also exclude certain claims from coverage in whole or in part. Furthermore, in certain countries in which the Group operates statutes of limitation and construction legislation provide for a right to bring claims for an extended period of time beyond the initial defect liability period where the claim arises as a consequence of latent defects which existed at the time of delivery of the relevant product.

Although the quality assurance systems used by the Group and most of the Group's principal suppliers comply with the ISO 9001:2000 standard and the Group continuously focuses on quality control in its product development, manufacturing and component sourcing operations, product development and the appreciable growth in volume may involve a risk that the products supplied contain defects that have not been detected in the usual test procedures, which could result in liability, and disputes may arise from time to time between the Group and its customers based on actual or alleged product defects.

The Group evaluates reported defects on a regular basis and has procedures for handling such defects. Despite the Group's quality assurance systems and its efforts to carry out product development in a way that reduces the risk of defects, major or minor defects in the wind turbines are discovered from time to time. Accordingly, there can be no assurance that, in the future, defects will not be discovered in already delivered wind turbines and that the costs related to defects may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In order to cover the above-mentioned commitments and other risks, the Group makes systematic provisions for each product sold and the Group endeavours to maintain service contracts on wind power plants during the warranty period. The size of provisions depends mainly on the type of product and the duration of the warranty period. Additional provisions are made as and when required on the basis of specific assessments. Management believes that the provisions made by the Group are adequate. However, if in the future such provisions prove to be insufficient to cover warranty claims and other risks, or if the Group has misjudged the risk, this could have a material adverse effect on the Group's business, financial condition and results of operations.

11. Dependence on suppliers

In respect of components supplied from outside the Group, the Group primarily uses large and internationally reputable suppliers and its policy is, wherever possible, to have a minimum of two suppliers for each component to minimise the risk of component shortages. Although the Group's management believes that the Group is not generally dependant upon any single supplier, replacing certain of the most important component suppliers would be difficult within short periods and as such, any loss of such a supplier or inability of such supplier to fulfil its obligations to the Group would have a material adverse effect on the Group's business, results of operations, financial condition or prospects. See "The Group could be affected by increasing competition from new and existing industry participants, with possible consolidation of the industry in the future" and "Warranty commitments and product defects."

Although the Issuer has centralised procurement functions and appropriate contractual frameworks in place, there is no assurance that third parties with whom the Group has such contracts will deliver the goods and services on time. Any delay in the provision of parts or components may delay construction or service of the wind power plants utilising the Group's products, attracting contractual penalties, including delay liquidated damages, which may in turn have a material adverse effect on the Group's business, financial condition and operations.

12. Customer concentration

During 2008 – 2009, the Group's ten largest customers (measured by total megawatts (**MW**) order intake), represented 41 per cent. of the Group's total order intake. The Group competes with a large number of domestic and foreign companies. It is not certain that the Group will be able to renew its current customer contracts on terms acceptable to the Group, or at all, or that the Group will be able to secure new customer contracts. Although there are many advantages to key account management and the procurement of large framework orders approach, concentration of a significant portion of the Group's revenues in a limited customer base may mean that any deterioration in the Group's relationship with one or more of its customers, may lead to the Group's failure to meet anticipated service levels or the inability to agree the terms of new contractual arrangements, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

13. Raw material prices

As part of its production process, the Group purchases a number of raw materials, such as steel, copper and composite materials, from a range of suppliers around the world. Although the Group has long-term cooperation and price arrangements with specific sub-suppliers, and generally tries to implement equivalent escalation clauses with customers to the extent possible, it is exposed to variations in the price of these materials, which could have a materially adverse effect on the business, financial condition and results of operations of the Group.

14. Dependence on certain markets

The wind power industry in general continues to be dependent on developments within a relatively small number of markets. The Group's three largest markets (the United States, Spain and China) accounted for 44 per cent. of the Group's MW deliveries in 2009. If one of such markets does not develop in line with the expectations of the Group, the Group's business, financial condition and results of operations could be adversely affected.

15. Dependence on key employees

As with any business, particularly one which is focused on technology, research and product development, the Group places great reliance on its key employees, which it considers critical to the Group's continued financial and market success and the maintenance of its competitive advantage.

Competition for senior management and key personnel is high, the pool of qualified candidates is limited and the Group may not be able to retain the services of its senior executives or key personnel, or attract and retain high-quality new senior executives or key personnel. In order to avoid the loss of senior management and key personnel to competitors, the Group seeks to ensure its compensation structures remain competitive and to incorporate non-competition clauses in employment contracts entered into with managers and other key employees, which are expected to restrict their ability to use their knowledge for the benefit of competitors.

The loss of suitably qualified employees or the inability to hire and retain suitably qualified replacements could impair the Group's ability to execute its business plan and achieve its objectives, lead to employee morale problems or the loss of key employees, any of which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

16. Growth management

The Group has laid down ambitious growth plans and believes that is has sufficient infrastructure and resources in place to implement such strategy. To support the growth plans, the Group has established strong excellence centres. However, it acknowledges that the Group's plans to continue to deliver strong growth could place strains on the Group's production capacity and management systems and impose additional financial and administrative burdens on the business.

If the Group fails to anticipate and address these issues adequately, a successful entry into new markets and the Group's future growth could be impeded, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

17. Intellectual property

The Group currently has patents and systems in place to protect its own intellectual property rights and to avoid infringing the rights of third parties. Market participants in the wind turbine industry make extensive use of patents to protect their technologies, but there can be no assurance that the Group will always be in a position to patent its proprietary technologies, which could have a material adverse impact on the Group's business, financial condition and results of operations.

In addition, there is no assurance that competitors will not claim that certain of the Group's wind turbines represent an infringement of the competitors' proprietary and protected technology. The Group's management believes that none of the wind turbines in the Group's current product programme infringe the patents or other proprietary rights of any third party, however there is a risk that any such dispute if tried before a court of law would be decided contrary to the belief of the Group's management.

Competitors might in the future be successful in developing technology that could be patented and could represent material hindrances for the Group's future business opportunities which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

18. Environmental risks

A number of the production sites, which are leased or owned by the Group, have been found to contain some contamination, however the costs of remedying such contamination, in the Group's view, are not significant. Although there are currently no regulatory requirements that action be taken in respect of any such pollution, there can be no assurance that such requirements will not be introduced in the future. In spite of the fact that the Group is not under a regulatory duty to take action in respect of soil and ground water contamination caused by former owners of the relevant properties, the presence of contaminated soil and/or ground water may affect a property's market value if it is sold for other purposes. In addition, extra costs could be imposed on any works on the relevant properties for the removal of contaminated soil or ground water. If requirements requiring the Group to address the pollution on certain of its sites were effected, the Group may be exposed to significant costs related to remedial action, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

19. Fluctuations in exchange rates could expose the Group to currency translation or transaction losses

The Group's reporting currency for its financial statements is the euro. However, due to the multi-jurisdictional nature of the Group's business, it generates substantial revenues and expenses outside the euro zone related to the purchase and sale of goods and services. At the end of 2009, 68 per cent. of the employees and 71 per cent. of the Group's non-current assets were located in the euro zone. Revenue generated inside the euro zone represented 68 per cent. of the Group's total revenue in 2009. The Group's foreign exchange risk arises from the translation of overseas trading performance and overseas assets and liabilities from foreign currencies into euros. Although the Group hedges foreign currency risk by way of foreign exchange forward contracts, to the extent that some of its foreign currency risk is unhedged, it is exposed to adverse movements in the foreign currency/sterling exchange rates. Any material unhedged assets or liabilities denominated in a foreign currency, combined with adverse movements in such exchange rates, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. See "The Group's hedging may not be successful."

20. The Group is exposed to fluctuations in interest rates

The Group has borrowings and lease obligations that are subject to variable interest rates and may therefore be exposed to movements in interest rates, to the extent that this exposure is not offset by the Group's hedging arrangements. In addition, interest rate fluctuations will affect the return on the Group's cash investments. Movements in interest rates could have an adverse effect on any unhedged borrowing exposure or on the returns generated by the Group's investments, either of which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. See "The Group's revenue, cash flow and profits from the sale of its goods and services are affected by the general economic environment and economic factors affecting it and its customers" and "The Group's hedging may not be successful."

21. The Group's hedging may not be successful

The Group may from time to time use foreign exchange, interest rate and commodity based hedging instruments to manage certain foreign exchange, interest rate and raw material exposures. There can be no assurance that any future hedging arrangements will be effective or that all of the Group's foreign exchange exposure can or will be hedged. Any hedging instrument will expose the Group to the risk that the counterparty will be unable to meet its obligations. Furthermore, such hedging instruments may result in the Group experiencing unfavourable development in foreign exchange rates, or paying more than the prevailing variable rates in effect from time to time, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

22. The Group has operations in a number of different countries, including emerging markets and is subject to the risks inherent in international operations

The Group trades in 31 countries and a significant and increasing amount of the Group's revenue is generated outside Denmark and the rest of Europe from suppliers and customers located in North America and Asia. In order to achieve widespread acceptance in each country the Group enters, it must tailor its products and services to the customs and cultures of that country and in addition the time required to achieve widespread acceptance for those products and services may be longer than anticipated by the Group. Failure by the Group to learn the customs and cultures of various countries, particularly with respect to consumer preferences, could slow its growth in international markets.

In addition, the Group is subject to certain risks as a result of having international operations and from having operations in multiple countries generally, including:

- difficulties in staffing and managing operations due to physical distance, time zones, language and cultural differences, including issues associated with establishing management systems infrastructure in various countries, including political or economic instability or unrest;

- differences in, and changes to, regulatory requirements and exposure to political and economic conditions;

- preference of local customers for local providers;

- restrictions on the withdrawal of non-Danish investment and earnings, including potential tax liabilities if the Group repatriates any of the cash generated by its international operations back to the Denmark;

- nationalisation or expropriation of assets;

- diminished ability to enforce legally the Group's contractual rights in less developed legal systems; and

- currency exchange and cash repatriation restrictions.

The ability of the Group to grow its operations in any country may be impacted by these and other factors. One or more of these factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

23. Credit risks

The Group is exposed to credit risks in connection with deliveries to customers. The Group's outstandings with main debtors are generally covered by payment security, such as letters of credit, bank guarantees, credit insurance, third party guarantees (eg debtor parent company guarantees) and reservation of title. In addition, the Group attempts to structure project payments to match the obligations the Group undertakes in accordance with the milestone plan agreed for the project in question.

Although the Group seeks to hedge credit risks, there can be no assurance that losses will not occur that could influence the Group's financial results which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

24. The risk of litigation is inherent in the Group's operations

In the ordinary course of the Group's business, legal actions, claims against and by the Group and arbitrations involving the Group arise. Although the Group is not a party to any material legal proceedings (nor, so far as the Group is aware, are any such proceedings pending or threatened), there are no assurances that the Group may not be subject to litigation from customers, suppliers, current and former employees and third parties in the future. The Group's management believes that adequate provisions have been made to cover such claims. In a few cases, the claim may be for an amount much greater than the provision made. If publicity associated with, and the outcome of, one or more of these proceedings is significantly different than the Group's management expects, this could have a material adverse effect on the Group's business, results of operations, financial condition, prospects or reputation.

25. Tax risk

The Group is subject to the tax laws in all countries in which it operates. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the probability of those transactions.

26. Inflationary risks

Several of the countries where the Group makes sales and/or has manufacturing facilities have experienced periods of inflation which have been higher than other markets. An inflationary environment may have the result of reducing the Group's competitive pricing resulting in a reduction in sales revenues. In addition, inflation in countries where the Group has production facilities and/or sources raw materials and components may increase the Group's costs of production in a way that cannot be passed onto its customers. These factors may have a material adverse effect on the Group's business, results of operations, financial condition, prospects or reputation

Risks related to the offering of the Notes

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

27. The secondary market generally

Application has been made to admit the Notes to the official list of the Luxembourg Stock Exchange and to trading on the Regulated Market of the Luxembourg Stock Exchange (**Admission**). It is expected that dealings in the Notes will commence at 8:00 a.m. on 23 March 2010. There can be no assurance, however, that an active trading market in the Notes will develop upon or following Admission. The Notes may have no established trading market when issued, and one may never develop. If an active trading market in the Notes does develop, it may not be very liquid. If an active trading market in the Notes does not develop, the limited liquidity may have an adverse effect on their market price. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

28. Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

29. Interest rate risks

The Notes will be offered with a fixed coupon and therefore investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

30. Trading in the clearing systems

The Notes are issued in the denomination of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000. Accordingly, the Notes may be traded in amounts in excess of €50,000 that are not integral multiples of €50,000. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than €50,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least €50,000 in order to receive a definitive Note.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €50,000 may be illiquid and difficult to trade.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws, regulations and restrictions, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

EU Savings Directive

Under EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.

The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The proposal has been approved by the European Parliament and is under discussion by the European Council. If implemented, the changes may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

DOCUMENTS INCORPORATED BY REFERENCE

The following information contained in documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

(a) the information on the following pages of the Annual Report 2009 of the Issuer for the financial year ended 31 December 2009:

Principal activities performed by the directors of the Issuer (all being members of the Issuer's administrative, management or supervisory bodies) outside of the Issuer..........	Pages 40 to 45

Any information not listed above but included in the Annual Report 2009 of the Issuer is not incorporated by reference in this Prospectus and is therefore not relevant in connection with the offering, sale, issue or delivery of the Notes or in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange or admission to trading of the Notes on the Luxembourg Stock Exchange's Regulated Market; and

(b) the information on the following pages of the Annual Report 2008 of the Issuer for the financial year ended 31 December 2008:

Consolidated Income Statement..........	Page 45
Consolidated Balance Sheet..........	Pages 46 to 47
Consolidated Statement of Changes in Equity..........	Pages 48 to 49
Consolidated Cash Flow Statement..........	Page 50
Notes to the Consolidated Accounts..........	Pages 52 to 93
Auditors' Report..........	Page 97

Any information not listed above but included in the Annual Report 2008 of the Issuer is not incorporated by reference in this Prospectus and is therefore not relevant in connection with the offering, sale, issue or delivery of the Notes or in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange or admission to trading of the Notes on the Luxembourg Stock Exchange's Regulated Market.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any statement contained in any document incorporated by reference in, and forming part of, the Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

In addition, a copy of each document incorporated by reference is available on the Luxembourg Stock Exchange's website at www.bourse.lu.

TERMS AND CONDITIONS OF THE NOTES

The issue of the €600,000,000 4.625 per cent. Notes due 2015 (the **Notes**, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 and forming a single series with the Notes) of Vestas Wind Systems A/S (the **Issuer**) was authorised by a resolution of the Board of Directors of the Issuer passed on 9 February 2010. Copies of the fiscal agency agreement dated 23 March 2010 (as amended or supplemented from time to time, the **Fiscal Agency Agreement**) entered into in relation to the Notes between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the paying agents named in it are available for inspection during normal business hours by Noteholders and Couponholders at the specified offices of the Paying Agents. The fiscal agent and the paying agents for the time being are referred to below respectively as the **Fiscal Agent** and the **Paying Agents** (which expression shall include the Fiscal Agent). Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The Fiscal Agency Agreement includes the form of the Notes and the coupons relating to them (the **Coupons**). The holders of the Notes (the **Noteholders**) and the holders of the Coupons (whether or not attached to them) (the **Couponholders**) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination and Title

(a) Form and denomination

The Notes are serially numbered and in bearer form in the denominations of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000, with Coupons attached on issue.

(b) Title

Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status

The Notes and Coupons constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and will at all times rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, except for obligations given priority by law.

3. Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure than none of its Subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction (**Security**) other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled share capital) to secure any Relevant Debt (as defined below), or payment under any guarantee or indemnity granted by the Issuer or any Subsidiary in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes and Coupons (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders.

In these terms and conditions (the **Conditions**):

Extraordinary Resolution means a resolution passed at a meeting of Noteholders (whether originally convened or resumed following an adjournment) duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least 75 per cent. of the votes cast;

Group means the Issuer and its Subsidiaries for the time being;

Joint Lead Managers means each of Nordea Bank Danmark A/S, Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Sociėtė Generale, UniCredit Bank AG and Skandinaviska Enskilda Banken AB (Publ);

Non-Recourse Debt means any Relevant Debt incurred by a project company in connection with a project where the relevant project assets comprise all of the business of that project company, where the holders of the Relevant Debt have no recourse against any member of the Group or its assets except for recourse to:

(a) the project assets;

(b) the project company for the purpose of enforcing Security against it, so long as the recourse is limited to recoveries in respect of the project assets;

(c) a member of the Group to the extent of its shareholding or other interest in the relevant project company,

and for the purposes of this definition: **project** means any particular project of a member of the Group for the ownership, creation, development or exploitation of any of its assets; **project assets** means any assets used in connection with that project; and **project company** means the member of the Group which owns the project assets;

Permitted Security Interest means:

(a) any Security over or affecting any asset of any company which becomes a member of the Group after 16 March 2010, where the Security is created prior to the date on which that company becomes a member of the Group, if:

(i) the Security was not created in contemplation of the acquisition of that company;

(ii) the principal amount secured has not increased in contemplation of, or since the acquisition of, that company; and

(iii) the market value of that asset so acquired in a financial year of the Group (when aggregated with the market value of all other assets (if any) so acquired (and which are so affected by Security) in that same financial year by all members of the Group) does not exceed in aggregate €150,000,000 (or its equivalent in another currency or currencies) in that financial year; or

(b) any Security over project assets or a project company securing Non-Recourse Debt;

Relevant Debt means any present or future indebtedness for moneys borrowed or raised in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are, or are intended by the Issuer to be, or are with the consent of the Issuer or such Subsidiary, for the time being quoted, listed or traded on any stock exchange or other centrally organised or regulated securities market (including any over-the-counter market); and

Subsidiary means any company where the Issuer:

(a) holds a majority of the voting rights in the company; or

(b) is a member of the company and has the right to appoint or remove a majority of its board of directors; or

(c) is a member of the company and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if the company is a subsidiary of a company that is itself a subsidiary of the Issuer; and a company shall be treated, for the purposes only of the membership requirement contained in (b) and (c) above, as a member of another company even if its shares in that other company are registered in the name of (i) another person (or its nominee), whether by way of security or in connection with the taking of security, or (ii) its nominee, and **Subsidiaries** shall be construed accordingly.

4. Interest

(a) Interest Rate and Interest Payment Dates

The Notes bear interest from (and including) 23 March 2010 at the rate of 4.625 per cent. per annum (the **Rate of Interest**), payable annually in arrear on 23 March in each year (each an **Interest Payment Date**). Interest in respect of any Note, if the Notes are in definitive form, shall be calculated per €1,000 in principal amount of the Notes (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall be €46.25 per Calculation Amount payable annually in arrear on each Interest Payment Date. In the case of Notes which are represented by a global Note, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding principal amount of Notes represented by such global Note.

(b) Interest Accrual

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused. In such event each Note shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) Calculation of Broken Interest

Where interest is to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due divided by (ii) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and without any further rounding.

5. Redemption and Purchase

(a) *Final redemption*

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 23 March 2015. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) *Redemption for taxation reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their principal amount, (together with interest accrued to (but excluding) the date fixed for redemption), if the Issuer on the occasion of the next payment due under the Notes (i) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Denmark or any political subdivision or any authority thereof or therein having power to tax, or any change in the published application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 23 March 2010, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) *Redemption at the option of the Issuer*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on a date specified by the Issuer (the **Optional Redemption Date**) on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at a Make Whole Redemption Price. The **Make Whole Redemption Price** shall be the higher of (i) par, and (ii) the present value (as determined by the Calculation Agent) of the remaining scheduled payments of principal and interest on the Notes to be redeemed (but not including any portion of such payments of interest accrued to the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis at the Reference Rate plus 0.35 per cent. together (in either case) with interest accrued to (but excluding) the Optional Redemption Date.

For the purposes of this Condition:

Calculation Agent means a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the Make Whole Redemption Price;

Reference Bond means the German Bundesobligationen selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

Reference Bond Price means (i) the average of five Reference Market Maker Quotations for the relevant Optional Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, or (ii) if the Calculation Agent obtains fewer than five such Reference Market Maker Quotations, the average of all such quotations;

Reference Market Maker Quotations means, with respect to each Reference Market Maker and any Optional Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent at 5.00 p.m., CET, on the third Business Day preceding such Optional Redemption Date;

Reference Market Makers means five brokers or market makers of bunds selected by the Calculation Agent or such other five persons operating in the bunds market as are selected by the Calculation Agent in consultation with the Issuer; and

Reference Rate means, with respect to any Optional Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bonds, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Optional Redemption Date. The Reference Rate will be calculated on the third Business Day preceding the Optional Redemption Date.

(d) Redemption at the option of Noteholders

(A) If a Change of Control Put Event occurs, the Issuer will within 30 days issue a Change of Control Put Event Notice and the holder of each Note will during the Change of Control Put Period, have the option (unless prior to the giving of the relevant Change of Control Put Event Notice the Issuer has given notice of redemption of the Notes), by giving notice in writing to the Fiscal Agent at its specified office, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Optional Redemption Date at par (the **Change of Control Optional Redemption Amount**) together with interest accrued to (but excluding) the Change of Control Optional Redemption Date (the **Change of Control Put Option**).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to the Change of Control Put Option, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (such notice being given within 30 days after the Change of Control Optional Redemption Date), redeem or purchase (or procure the purchase of) at its option, all but not some only of the remaining outstanding Notes at the Change of Control Optional Redemption Amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

A **Change of Control** shall occur if any person or group of persons acting in concert gains Control of the Issuer;

Control means:

(a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

  (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer; or

  (ii) appoint or remove all, or the majority, of the members of the board of directors of the Issuer; or

(b) the holding of more than one-half of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); and

acting in concert means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate control of the Issuer.

A **Change of Control Put Event** will be deemed to occur if while any of the Notes remain outstanding a Change of Control has occurred;

Change of Control Put Event Notice means a notice to be given pursuant to the Change of Control Put Option by the Issuer to the Noteholders stating:

(a) that a Change of Control Put Event has occurred and that each Noteholder is entitled to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) the Notes of such holder pursuant to the Change of Control Put Option;

(b) the circumstances and relevant facts regarding such Change of Control Put Event;

(c) the Change of Control Optional Redemption Amount and the redemption or purchase date (which shall be the date falling seven days after the expiry of the Change of Control Put Period (the **Change of Control Optional Redemption Date**)); and

(d) the procedures for exercising the Change of Control Put Option; and

Change of Control Put Period means the period of 45 days after a Change of Control Put Event Notice is given.

(B) If it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes (a **Relevant Event**), the Issuer will within 30 days of becoming aware thereof issue a notice of such Relevant Event (a **Relevant Event Notice**) and the holder of any Note may, following the giving of such Relevant Event Notice, by notice in writing given to the Fiscal Agent at its specified office, require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on such date being not earlier than 5 business days and not later than 30 business days after the date of such Relevant Event Notice at its principal amount together with interest accrued to (but excluding) the date of redemption or purchase.

(e) Notice of redemption

All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) Purchase

The Issuer and any of its subsidiaries may at any time purchase Notes in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer or any such subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11(a).

(g) ***Cancellation***

All Notes so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

6. Payments

(a) ***Method of Payment***

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in a city with access to the TARGET System (as defined below). Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) ***Payments subject to laws***

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) ***Surrender of unmatured Coupons***

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) ***Payments on business days***

A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation. If such a date would otherwise fall on a day that is not a business day, then that date shall be postponed to the first following day that is a business day. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition **business day** means a day on which commercial banks and foreign exchange markets are open in the place of presentation and which is a day on which the Trans-European Automated Real-Time Gross Settlement Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto (the **TARGET System**) is operating.

(e) ***Paying Agents***

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent, (ii) Paying Agents having specified offices in at least two major European cities, and (iii) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed, in each case, by or within Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) Other connection

by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Denmark other than the mere holding of the Note or Coupon; or

(b) Presentation more than 30 days after the Relevant Date

more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(c) Payment to individuals

where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive; or

(d) Payment by another Paying Agent

by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

Relevant Date means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition.

8. Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur:

(i) default is made in the payment of any principal or interest due in respect of the Notes or any of them and such default continues for a period of seven days; or

(ii) the Issuer fails to perform or observe in any respect any of its other obligations in respect of the Notes which default is incapable of remedy or is not remedied within the period of 30 days after notice thereof has been given to the Issuer or the Fiscal Agent requiring the same to be remedied; or

(iii) any Financial Indebtedness (as defined below) of the Issuer or any Material Subsidiary shall be or be declared due and payable prior to the date on which the same would otherwise become due and payable by reason of the occurrence of an event of default (howsoever described) in relation thereto or the Issuer or any Material Subsidiary defaults in the repayment of any Financial Indebtedness on the due date for payment thereof or at the expiry of any applicable grace period or any guarantee or indemnity in respect of any such Financial Indebtedness given by the Issuer or any Material Subsidiary shall not be paid when due and called upon or at the expiry of any applicable grace period, save in any such case where there is a bona fide dispute as to whether payment or repayment is due, provided that no Event of Default will occur if the aggregate amount of Financial Indebtedness referred to above is less than an amount equal to three (3) per cent. of the Issuer's total equity as specified in the Issuer's then latest published financial statements; or

(iv) any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Material Subsidiary or an administration order is made in relation to the Issuer or any Material Subsidiary (other than for the purpose of (a) an amalgamation, merger or reconstruction approved by an Extraordinary Resolution of the Noteholders or (b) a voluntary solvent winding up of any Material Subsidiary); or

(v) the Issuer or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business (other than a cessation in the circumstances referred to in the exception to paragraph (iv) of this Condition 8 or in connection with the transfer of all or a major part of the business, undertaking and assets of any Material Subsidiary to the Issuer or another of its Subsidiaries); or

(vi) the Issuer or any Material Subsidiary shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

(vii) a receiver, trustee, administrator or liquidator or other similar official shall be appointed in relation to the Issuer or any Material Subsidiary or in relation to the whole or a substantial part of the undertaking, revenue or assets of any of them or an encumbrancer shall take possession of the whole or a substantial part of the undertaking, revenue or assets of the Issuer or any Material Subsidiary, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the undertaking, revenue or assets of any of them and in any of the foregoing cases it or he shall not be discharged within 45 days; or

(viii) any event occurs which under the laws of Denmark has an analogous effect to any of the events referred to in paragraphs (vi) or (vii) above,

then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality.

Notice of any Event of Default will promptly be given to the Noteholders by the Issuer.

For the purposes of these Conditions:

Financial Indebtedness means any indebtedness for or in respect of moneys borrowed; and

a **Material Subsidiary** means, at any time, any Subsidiary of the Issuer whose gross assets or pre-tax profits (excluding intra-Group items) then equal or exceed 15 per cent. of the gross assets or pre-tax profits of the Group, but excluding any Subsidiary (an **Excluded Subsidiary**) that is a single-purpose company whose principal assets are constituted by one or more projects or contracts, none of whose Financial Indebtedness is the subject of security, a guarantee or indemnity from the Issuer or any Material Subsidiary, and which the Issuer has designated as such for the time-being by written notice to the Agent.

For this purpose:

(a) the gross assets or pre-tax profits of a Subsidiary of the Issuer (excluding intra-Group items) will be determined from its financial statements (unconsolidated if it has Subsidiaries) upon which the latest audited financial statements of the Group have been based;

(b) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest audited financial statements of the Group have been prepared, the gross assets or pre-tax profits (excluding intra-Group items) of that Subsidiary will be determined from its latest financial statements;

(c) the gross assets or pre-tax profits (excluding intra-Group items) of the Group will be determined from its latest audited financial statements, adjusted (where appropriate) to reflect the gross assets or pre-tax profits (excluding intra-Group items) of any company or business subsequently acquired or disposed of; and

(d) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; the subsequent financial statements of those Subsidiaries and the Group will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

If there is a dispute as to whether or not a member of the Group is a Material Subsidiary, a certificate of the auditors of the Issuer will be, in the absence of manifest error, conclusive.

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. Meetings of Noteholders and Modification/Modification and Substitution

(a) Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

In addition, a resolution in writing signed by or on behalf of 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of Notes and Conditions and Fiscal Agency Agreement

The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

(c) Substitution

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons such company (the **Substitute**) as is specified in the Fiscal Agency Agreement, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form exhibited to the Fiscal Agency Agreement, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to be bound by the terms of the Conditions, the Notes and the Coupons, (ii) the obligations of the Substitute under the Deed Poll, the Notes and the Coupons shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes and Coupons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it (including, where the Substitute is incorporated, domiciled or resident in, or subject to the taxing jurisdiction of a territory other than or in addition to Denmark or any authority therein or thereof having power to tax, undertakings or covenants shall be given by the Substitute in terms corresponding (where applicable) to the provisions of Conditions 5(b) and 7 with the substitution for (or, as the case may be, the addition to) the references to Denmark of references to that additional territory in which the Substitute is incorporated, domiciled or resident or to whose taxing authority it is subject) and, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 8 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 8 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

(d) Requirements of Luxembourg Stock Exchange

In the case of substitution pursuant to this Condition, the Substitute shall comply (for so long as the Notes are listed on the Luxembourg Stock Exchange) with the then prevailing requirements of the Luxembourg Stock Exchange in connection with any such substitution.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

13. Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

14. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law

(a) Governing Law

The Fiscal Agency Agreement, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

Subject to the following paragraph, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Fiscal Agency Agreement, the Notes or the Coupons (including any non-contractual obligations arising out of or in connection with the Fiscal Agency Agreement, the Notes or the Coupons) and accordingly the Issuer has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Fiscal Agency Agreement, the Notes or the Coupons (including any non-contractual obligations arising out of or in connection with the Fiscal Agency Agreement, the Notes or the Coupons) (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and, to the extent permitted by law, concurrent Proceedings in any number of jurisdictions.

(c) Agent for Service of Process

The Issuer has appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for receipt of process on its behalf and has agreed that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for the ICSDs. The Notes will be issued in NGN form and are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in a minimum authorised denomination of €50,000 and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €99,000.

The Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1. Nominal Amount and Exchange

The nominal amount of the Notes represented by the Global Notes shall be the aggregate amount from time to time entered in the records of Euroclear and Clearstream, Luxembourg or, in the case of the Permanent Global Note, any permitted alternative clearing system (each a **relevant Clearing System**). The records of the relevant Clearing Systems (which expression means the records that each relevant Clearing System holds for its accountholders which reflect the amount of such accountholders' interests in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes and a statement issued by a relevant Clearing System stating the nominal amount of Notes represented by the Global Notes at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Note is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing System in the Permanent Global Note on or after a date which is expected to be 3 May 2010 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below (i) if the Permanent Global Note is held on behalf of a relevant Clearing System and any such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (ii) if principal in respect of any Notes is not paid when due and payable under Condition 8; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. Thereupon (in the case of (i) or (ii) above) the holder may give notice to the Fiscal Agent, and (in the case of (iii) above) the Issuer may give notice to the Fiscal Agent and the Noteholders, of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date specified in the notice.

If the principal in respect of any Note is not paid when due and payable under Condition 8 the holder of the Permanent Global Note may by notice to the Fiscal Agent (which may but need not be the default notice referred to in "Default" below) require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (provided that, if the Permanent Global Note is held by or on behalf of a relevant Clearing System, that relevant Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for Definitive Notes on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date (as defined below) the holder of the Permanent Global Note may, or in the case of paragraph (iii) above shall, surrender the Permanent Global Note or present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note or, the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of (free of charge to the bearer), an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the Permanent Global Note, the Issuer will if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days, or in the case of exchange pursuant to (ii) above 30 days, after that on which the notice requiring exchange is given and being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the place in which the relevant Clearing System is located.

2. Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge.

3. Notices

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

4. Prescription

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. Meetings

The holder of the Permanent Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Notes for which the Permanent Global Note may be exchanged.

6. Cancellation

On cancellation of any Note required by the Conditions to be cancelled following its redemption, or if the Issuer requires any Notes represented by a Global Note to be cancelled following purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

7. Default

The Permanent Global Note provides that the holder may cause the Permanent Global Note to become due and payable in the circumstances described in Condition 8 by stating in the notice to the Fiscal Agent the principal amount of Notes which is being declared due and payable. If principal in respect of any Note is not paid when due and payable, the holder of the Permanent Global Note may elect that the Permanent Global Note becomes void as to a specified portion and that the persons entitled to such portion as accountholders with a relevant Clearing System acquire direct enforcement rights against the Issuer under further provisions of the Permanent Global Note executed by the Issuer as a deed poll.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately €595,660,500, will be applied by the Issuer for general financing and corporate purposes.

THE ISSUER

The financial information discussed below has been extracted without material adjustment from the consolidated financial information for the Issuer in respect of the year ended 31 December 2009 and the year ended 31 December 2008 included or incorporated by reference herein.

The operating information discussed below is derived from the Group's internal operational and financial reporting systems. "Vestas", as the context requires, refers to the Issuer or the Group

Corporate information

Vestas Wind Systems A/S (the **Issuer** or **Vestas**) is a limited liability company incorporated under Danish law on 1 September 1986 for an unlimited duration. The registered office of the Issuer is located at Alsvej 21, DK-8940 Randers SV, Denmark and its telephone number is +45 9730 0000. The Issuer is registered with the Danish Commerce and Companies Agency under CVR number 10403782.

The wind power industry

Development of wind power

"Wind, Oil and Gas" is Vestas' vision, which expresses the ambition of making wind an energy source on a par with fossil fuels.

At the end of 2009, wind power accounted for less than 2 per cent. of the world's combined electricity production. Wind power is currently among the best means of renewable sources of energy for ensuring that global temperature increases caused by carbon emissions are kept at a maximum of two degrees. The necessity of limiting temperature increases was recognised by the UN member countries at the COP15 conference on climate change in Copenhagen, Denmark, in December 2009.

Although a binding agreement was not reached at the COP15 conference in Copenhagen, the wind power sector is expected to continue its positive development in the medium to long term. Demand for energy is increasing and the general acceptance that greenhouse gas emissions from extensive use of fossil fuels lead to damaging climate change amplifies the focus on renewable energy sources, while volatility in the price of fossil fuels and concerns about depletion and supply security have reduced the competitiveness of conventional energy sources. Furthermore, lower interest rates favour wind power, as capital cost is higher per installed megawatt (**MW**) compared to conventional energy sources.

Principal high-level drivers supporting this include a very strong political focus on energy security, climate change and the opportunity to create green jobs. In general, wind power offers a strong value proposition for several reasons:

- Wind is an unlimited resource;
- Wind power can compete with fossil energy sources if the comparison is made on equal terms;
- Wind power enhances energy independence;
- Wind power makes it possible to establish a large number of MW in a relatively short time compared to the traditional energy sources;
- Wind power is a CO_2- neutral form of energy and therefore leads to a reduction of greenhouse gas emissions; and
- Wind power creates sustainable, local jobs.

These are fundamental arguments for investing in wind power and will be applicable in both the short and long term.

In many regions and markets around the world, governments have adopted renewable energy targets and financial support schemes to increase the investments in renewable energy and wind power. Most prominently, recent regulatory initiatives have been seen in Europe (for example, the European Union's 20 per cent. legally binding renewable energy target for 2020 accompanied by transparent multiyear national support schemes and action plans); in the United States (Green Stimulus Initiatives); in China (adoption of an ambitious 15 per cent. renewable target by 2020 accompanied by a fixed feed in tariff system and full purchase obligations for grid companies); in Australia (20 per cent. renewable energy target by 2020, and plans to launch an emissions trading system in 2011); and in South Korea (official renewable energy and wind energy targets (renewable energy supply to cover 11 per cent. by 2030 and an installed wind energy capacity target of 7,301 MW by 2030 and a preliminary renewable portfolio standard (**RPS**), which will commence in 2012).

Apart from the strong regulatory support in many markets which is a strong investment driver for renewables, the competiveness of wind power also plays an important role for investors. Wind power technology being one of the most mature renewable power generation technologies is characterised by having the lowest cost of energy compared to other renewables. Compared to fossil fuel and nuclear technologies, wind power is becoming competitive as fuel prices increase (Source: Emerging Energy Research 2009). Several multinational financial institutions, including the World Bank, European Investment Bank and European Bank for Reconstruction and Development (EBRD), have also been focusing on the renewable energy sector, by setting up programmes and allocating funds to support and finance investment in renewable energy sources.

The market for wind power is one of the largest renewables power markets and expectations are that it will soon become the most significant source of renewables-based electricity after hydropower and ahead of biomass (Source: International Energy Agency, World Energy Outlook, 2009).

Vestas expects that, if the necessary political decisions on a national and international level to expand the power grid and nominate sites are made now, wind power can make up at least 10 per cent. of total electricity production by 2020. That translates into installed wind power capacity of at least 1,000,000 MW, as compared with approximately 158,000 MW at the end of 2009 (Source: Global Wind Energy Council (**GWEC**), 2010).

Emerging Energy Research (**EER**) anticipates that the wind power sector will be characterised by annual growth rates of approximately 18 per cent. between 2009 and 2020. EER bases this assumption on several factors including:

- A favourable long-term policy environment as outlined above;
- Wind's position is becoming increasingly prominent in the drive for energy source diversification. Wind is now positioned as a major generation capacity option in the European Union and North America, and is evolving as a leading generation source in emerging markets. Energy cost decreases will further solidify wind's position in the near term;
- Utility participation is increasing. The utility capital expenditure pipeline investments and turbine supplier production capacity investments will yield a major surge in wind MW growth;
- Grid expansion issues persist in many countries, but are now being gradually addressed as governments recognise the importance of investing in grid infrastructure to connect remote but attractive wind power generation sites to densely populated areas. As the utilisation of wind potential becomes part of broader energy transmission planning, governments will work to resolve grid bottlenecks – this is happening in key European markets, the United States and China; and

- Offshore wind evolves as a key contributor. Offshore wind accounts for 20 per cent. of Europe's sustained market growth; these high-resource sites will also contribute to North America and Asia Pacific wind power growth.

Recent market developments

The global wind industry has grown significantly in 2009. Recent figures from GWEC indicate an overall market size in 2009 of 37,466 MW; up 38 per cent. from 2008. This adds up to a total installed base of close to 158 gigawatts (**GW**). On average, the wind power industry has grown by 34 per cent. in the period of 2006 to 2009.

World Wind Industry Growth rates 2006-2009

Year	Installed MW	Increase%	Cumulative MW	Increase%
2006	15,197	30%	74,223	25%
2007	20,076	32%	94,123	27%
2008	27,056	35%	120,791	28%
2009	37,466	38%	157,899	31%
Average growth		34%		28%

Source: Global Wind Energy Council; February 2010

Wind power is increasingly becoming a global source of energy that is being applied across economies. The 2009 wind market was driven almost solely by the United States, Europe and China, each adding approximately 10 GW to the total world market (Source: GWEC 2010).

Americas: The United States is by far the largest wind market in North and South America. In 2009 the Obama administration initiated a stimulus package which includes a three year extension of the crucial Production Tax Credit (**PTC**). Alongside the PTC the option of an ITC (**Investment Tax Credit**) has also been introduced. Furthermore, substantial funds for improvements in the grid infrastructure have been agreed, along with a clear vision for creating new jobs in the renewable energy sector. The full effect of these initiatives remain to be seen, but the Americas region is in an overall positive state of development and added more than 10 GW of new wind energy to the grid in 2009, as compared to approximately 9,500 MW in 2008 (Source: GWEC, Feb 2010; Make Consult, Sept 2009). Several markets in South America are also growing significantly. Brazil, for instance, has announced ambitious targets for decreasing CO2 emission on the back of the COP 15 conference in Copenhagen and in December 2009, Brazil's Electric Energy Chamber of Commerce (CCEE) announced the winners of the second reserve energy auction for wind power purchase agreements (PPAs) at which 71 projects with a combined capacity of 1.8 GW were selected.

European Union: In the European Union, the credit crunch has had an impact, but the incentive schemes found in Europe provide a good shield against the negative effects on the financial environment. The most recent figures from GWEC shows that the European Union climbed above 10 GW installed capacity in 2009 mainly driven by Germany and Spain with 1,917 MW and 2,459 MW respectively.

Asia: Unprecedented demand for energy has been the central driver for wind energy in the Asia Pacific region as several emerging economies in the region grow. In response to this, several countries have actively pursued improved market conditions to foster development of renewable energy in the region. China has aggressively pursued development of wind energy and its support framework has catapulted it up the global rankings. For 2009, preliminary figures indicate that China will emerge as the world's largest market for wind turbines in 2009 and is expected to remain the world's largest market in the years to come.

Offshore: Offshore is increasingly gaining in importance, but the market is still in its infancy. As an example, the recent announcement by the UK Crown Estate regarding the successful bidders in round 3 of its tender process, with respect to the planned 25 GW off-shore wind power generation in the territorial waters of England and Wales, in the period from 2015 to 2020, potentially worth £75 billion and generating up to 70,000 jobs by 2020, attracted worldwide attention.

With challenges around availability of land suitable for development in densely populated developed countries, offshore presents attractive possibilities. This is particularly true for countries surrounded by large offshore areas with shallow water, where winds are often stronger and steadier, allowing for installation of far larger turbines to those on-shore (where additional considerations and restrictions, particularly around noise levels, may apply).

While the offshore market currently accounts for a marginal share of the global wind power market, expected growth rates in the segment are higher than those expected on onshore markets. Compounded Annual Growth Rates (CAGR) of approximately 45% are expected from 2009 to 2015 and the offshore segment is expected to account for approximately 6–7% of the global wind power market in the year 2015 (Source: MAKE Consulting, "The Offshore Report", September 2009).

Installed Wind Generation capacity in 2009 (Global)

	Installed MW	% of total	Accumulated end of 2009	% of total
Africa and Middle East	230	1%	865	1%
Asia	14,639	39%	38,909	25%
European Union	10,526	28%	76,152	48%
Latin America	622	2%	1,274	1%
North America	10,872	29%	38,478	24%
Pacific Region	577	2%	2,221	1%
Total	37,466		157,899	

Source: Global Wind Energy Council; February 2010.

Competitors

Competition in the wind power industry has intensified in recent years as a result of international expansion by existing industry participants and market entry by certain large industrial groups through acquisitions. The wind turbine industry is characterised by large projects. Consequently, market shares can vary considerably from one year to the next.

The wind power industry has undergone an extensive globalisation process in recent years. New markets are emerging, and wind turbine manufacturers are taking a global approach to capitalise on these new opportunities. As one of the few truly global players in the industry, Vestas has been building a global presence across relevant continents to be able to compete with the emerging local competitors. Vestas believes this approach will serve as an important competitive strength in the years to come, as the competitive landscape of the industry matures. Vestas ranks amongst the top 3 suppliers in most major markets and as such, all listed competitors below are considered competitors to Vestas in their individual home markets. Vestas believes that this diversified market presence provides certain advantages in terms of hedging of market exposure.

The Top 10 suppliers of Wind Generation Equipment in 2008					
	Accumulated MW 2007	**Supplied MW 2008**	**Share 2008 %**	**Accumulated. MW 2008**	**Share accumulated %**
Vestas (DK)	29,508	5,581	19.8%	35,089	28.7%
GE Wind (US)	12,979	5,239	18.6%	18,218	14.9%
Gamesa (ES)	13,306	3,373	12.0%	16,679	13.7%
Enercon (GE)	13,770	2,806	10.0%	16,577	13.6%
Suzlon (IND)	4,724	2,526	9.0%	7,250	5.9%
Siemens (DE)	7,002	1,947	6.9%	8,949	7.3%
Sinovel (PRC)	746	1,403	5.0%	2,148	1.8%
Acciona (ES)	1,671	1,290	4.6%	2,961	2.4%
Goldwind (PRC)	1,457	1,132	4.0%	2,589	2.1%
Nordex (GE)	3,886	1,075	3.8%	4,960	4.1%
Others	11,269	4,955	17.6%	16,225	13.3%
Total	100,317	31,326	111%	131,644	108%

Source: BTM Consult ApS: “Global Market Outlook”: March 2009
Note: The total quantity of capacity supplied does not add up to exactly 100 per cent. as market shares of individual suppliers are calculated on the basis that their MWs delivered are divided by the total recorded installation in the market, thus essentially using data from more than one source. This is the methodology applied by BTM Consult. The total MW delivered to the market during 2008 according to the above table was 31,326 MW, whereas the capacity actually installed, according to market sources, was 28,190 MW. The reason for these differences is that there will always be turbines in transit and projects under construction and not yet commissioned. BTM Consult has not yet published figures for 2009, and certain discrepancies exist between the forecasts of BTM Consult’s figures and other research companies, such as GWECs.

Wind Turbine Technology

How it works

Wind turbines consist of four main components: a tower, a nacelle (turbine housing), control systems and three blades constituting the rotor.

The nacelle is positioned at the top of the tower, and the rotor is attached to the front of the nacelle. The principal task of the tower is to raise the nacelle high into the air because the wind speed – and thus the power of the wind – is much greater 50–100 metres above the ground. The tower is also used to house the cables from the nacelle down to the electrical grid in the ground. The nacelle contains the large primary components such as the main axle, gearbox, generator, transformer, control system and electrical cabinet. The rotor consists of a hub to which three blades are attached.

To generate electricity, the blades on the rotor capture the wind, which makes them turn. When no wind is blowing, the turbine will adjust the blades to an angle of 45º, which is the position in which the turbine can draw as much energy as possible from low winds. The blades begin to turn very slowly, without generating any energy. This is known as “idling”. When there is sufficient wind for the turbine to start generating energy – normally at wind speeds of around 4 metres per second, the blades will gradually start to rotate longitudinally towards an angle of 0º, which means that the broad surface of the blade is facing into the wind.

When the wind then strikes the blade, it generates overpressure on the front surface of the blade and underpressure on the reverse. In other words, the wind pushes onto the front surface and simultaneously generates a suction effect across the rear surface – and it is this difference in pressure that makes the rotor turn.

Wind turbines typically generate energy at wind speeds of 4–25 metres per second. When turbines are generating electricity, the rotor speed will be 9–19 revolutions per minute, depending on the wind speed and the turbine type. At the maximum speed of revolution, the blade tips reach a speed of 250 km/h.

Key challenges

The technical challenge in developing a wind turbine lies in converting as much energy from the wind into electricity as possible at the lowest possible cost. The goal of wind turbine design is to develop efficient solutions using reliable components that have a long service life and require minimum maintenance. The keys to achieving this are ensuring that:

- the rotor blades, in proportion to the load they place on the wind turbine, extract the maximum amount of power from the wind and convert it into torque;
- the drive train along with the gear and the generator efficiently convert the captured energy into electricity with as little energy loss as possible;
- the load on the wind turbine can be restricted at high wind speeds to prevent damage to the turbine and can be adjusted to cope with the entire range of possible wind speeds;
- the controlling electronics of wind turbines control and optimise the interplay of all components; and
- the wind turbine's individual components are sufficiently robust to withstand the forces acting on them and to achieve problem-free operation for the duration of the wind turbine's expected use.

Business overview and strategy

History

Vestas' predecessor was founded in 1945 in Lem, in the western part of Jutland, Denmark. Initially, the Issuer focused on the manufacture of a wide range of capital goods, including farming machinery. In the 1970s, the global oil crisis highlighted the need for energy sources other than fossil fuels and in 1979, the first Vestas turbine was designed, manufactured and installed locally.

Supportive legislation implemented in Denmark and California created a significant market for wind generated power. As a consequence, the wind power businesses of the Issuer's predecessor, and its main Danish competitors, expanded rapidly during the early 1980s. However, when the Californian tax incentives were not renewed in 1986, the market collapsed. The Issuer's predecessor, like other manufacturers in the industry, suffered substantial financial losses following this material change in market conditions. Although the market collapsed, wind turbines had proved to be a viable alternative source of energy production. The wind power activities of the Issuer's predecessor were, therefore, demerged and placed in a new company named Vestas Wind Systems A/S in 1987.

Vestas was listed on the NASDAQ OMX Copenhagen A/S (previously known as the Copenhagen Stock Exchange) in 1998 in order to capitalise on the significant growth opportunities in the wind power market. Vestas has played a major role in the wind power industry, and the expansion of Vestas has been achieved principally through organic growth. However, through the 2004 combination with another Danish wind turbine manufacturer, NEG Micon, Vestas significantly expanded and developed its business.

Today, the Group is the world's leading manufacturer of wind turbines in terms of installed MW capacity with a worldwide accumulated market share at the end of 2008 of approximately 19.8 per cent. (Source: BTM Consult ApS, "Global Market Outlook," March 2009).

Vestas' Principal Business

Vestas' core business comprises the development, manufacture, sale and maintenance of wind technology that uses the energy of the wind to generate electricity. Vestas specialises in planning, installation, operation and maintenance and has competencies that cover everything from site studies to installation, service and maintenance.

As a strong, independent partner, Vestas can supply guidance to customers in connection with the development, financing and ownership of wind power projects. However, Vestas never participates directly in these activities. On the contrary, Vestas is an independent wind power system supplier.

Vestas is distinguished by a high degree of vertical integration. By manufacturing the principal parts of the turbine itself, Vestas increases the flexibility of its product development, reduces dependence on suppliers, and maintains a high level of manufacturing know-how. At the same time, production and sourcing are carried out as close to the market as possible.

Vestas' strategy

Vestas' strategy is called "No. 1 in Modern Energy". To Vestas, being no. 1 means being the best, and being the best means maintaining world class safety standards at all Vestas' sites, having the most satisfied customers, the wind power plants with the highest output and the greenest production. Being the market-leader in wind power, Vestas aims to create the world's strongest energy brand. Wind power is modern energy because it is financially competitive, predictable, independent, fast and clean. Vestas aims to provide its customers with the lowest cost per MW hour (**MWh**) produced, and optimum security for the capital invested in a wind power plant.

A large number of initiatives aimed at optimising internal processes and sharply enhanced focus on collaboration with customers and suppliers, will support the above-mentioned improvements, and combined with new products this will help build the foundation for strong growth in revenue and profitability in the years ahead. Thus Vestas is aiming to achieve an EBIT margin of 15 per cent. and revenue of €15 billion no later than 2015 – Triple 15 (the **Triple 15 financial targets for No 1 in Modern Energy strategy**).

Being the industry's leading player, Vestas aims to ensure that wind power remains at the top of the political agenda. This is achieved through dialogue with politicians, public servants, interest groups and non-governmental organisations (**NGOs**) the world over and through advice and information to the public about the potential of wind power, both in individual markets and worldwide.

Competitive strengths

Vestas' management believes that certain characteristics of Vestas are to be regarded as key strengths:

- Vestas is one of the only companies in the sector that has consistently been present on all prominent turbine markets since their inception. This provides unique insight into local market conditions, operational challenges and more specific issues such as siting and construction of wind farms. While the industry is obviously maturing and becoming more global, none of Vestas' competitors has had the same market exposure over the same period of time.

- Being a global leader with a strong manufacturing base in all major regions, Vestas is set to benefit tremendously from the expected growth in the sector. Having a local footprint in Europe, Asia and North America ensures that Vestas will be able to deliver wind power plants that are able to compete with all local competitors from a cost of energy perspective.

- Vestas' products and services have a proven track record and the product portfolio has range to address almost all customer needs. This is an obvious advantage for Vestas as proven performance has increasingly emerged as a key differentiating parameter for project financiers and other project stakeholder on the back of the credit crisis.

- With its approximately 1,500 employees, Vestas has the largest dedicated research and development (**R&D**) organisation in the industry and the development of new and advanced wind power solutions are on top of the agenda throughout the organisation. Vestas appreciates that what sets the Issuer apart from other competitors is its unique focus on its core activity, which enables it to develop highly advanced and competitive products based on its unique history and experience.

- Through its experienced workforce with numerous years of first hand experience from all parts of the wind turbine industry, Vestas is strongly positioned to maintain its competitive advantage.

Controlling Risks through Contracting Strategy

Faced with increasingly large projects, complex financing and contracting structures, specific jurisdictional issues arising out of cross border transactions, and consequent on-flow of risks, Vestas considers it essential to it being in control of its business to always have an overview of the risk allocation matrix with respect to each proposed project.

The Group's Contract Review Function was established in 2005 as part of the "Will to Win" strategy, is responsible for the implementation, maintenance and operation of Vestas sales process infrastructure, and works closely together with the Sales Business Units, Technology R&D, Group Treasury and other Group Staff functions to create "one Vestas" – whether it is with contractual issues, drawing up standards for existing products or assisting with the creation of new product offerings.

Contract Review Function is responsible for the development and enforcement of the Group's contracting strategy, expressed though set of instructions on the key elements of supply and service contracting framework, otherwise known as General Requirements (**General Requirements**). The General Requirements are aimed at ensuring that all members of the Group, prior to entering into commitments to its customers, understand and control their business risks and ensure that all customer commitments embed the Group's values, support achievement of the Group's business objectives and are within acceptable boundaries of risk appetite and risk tolerance. The General Requirements are integrated into the Group's business processes and registered in its Quality Safety and Environment (**QSE**) system.

Each Sales Business Unit of the Group is required to ensure that each and every commitment made to the Group's customers meets or exceeds the expectations of the General Requirements. The responsibility for the verification that all commitments made on behalf of the Group meet the defined thresholds and requirements of the General Requirements is the responsibility of the Contract Review Function in cooperation with the Contract Review Board (the latter consists of representatives of the Contract Review Function and the members of the Executive Management).

The Group's policy in connection with entering into commitments to supply of wind turbines and other related services is that it shall only accept supply commitments in the form of binding supply agreements. The Group's policy is not to sell options for defined or fixed delivery time, price or conditions. Similarly, the Group opts not to make or sell reservations for firm price, firm delivery time or firm conditions without a corresponding and effective obligation of the customer or the future owner under the supply agreement. Committed frame agreements, covering multiple projects with a pre-agreed and complete format of supply agreement (**Frame Agreements**) may be approached in an appropriate manner to such large orders, however, they are still subject to the General Requirements referred to above, and subject only to inclusion of site specific details which would first be available when the applicable project(s) under the Frame Agreements is defined by the customer and notified to the Group.

Governance and Corporate Structure

Governance

The Issuer has a two-tier management system in which the Board of Directors and the Executive Management are responsible for managing the Issuer's affairs.

Vestas' Board of Directors consists of eight external members with broad international experience from various management positions in multinational companies and/or as professional advisors and board members in large corporations. Further, the board has four employee representatives. The Executive Management consists of Ditlev Engel, President and CEO, and Henrik Nørremark, Executive Vice President and CFO, who are responsible for the day-to-day management of the Issuer, observing the guidelines and recommendations issued by the Board of Directors. The Executive Management is also responsible for presenting proposals for the Issuer's overall objective, strategies and action plans as well as proposals for the overall operating, investment, financing and liquidity budgets to the Board of Directors.

Directors and Executive Management

Details of each of the directors of the Issuer (all being members of the Issuer's administrative, management or supervisory bodies) and their positions are set out in the table below.

Name	Position	Name	Position
Bent Erik Carlsen	Chairman	Torsten Erik Rasmussen	Deputy Chairman
Håkan Eriksson	Director	Freddy Frandsen	Director
Kurt Anker Nielsen	Director	Jørgen Huno Rasmussen	Director
Ola Rollén	Director	Jørn Ankær Thomsen	Director
Sussie Dvinge Agerbo	Director	Elly Smedegaard Rex	Director
Michael Abildgaard Lisbjerg	Director	Kim Hvid Thomsen	Director
Ditlev Engel (Executive Management)	President and Chief Executive Officer	Henrik Nørremark (Executive Management)	Executive Vice President and Chief Financial Officer

The current business address for the directors and executive management of the Issuer (all being members of the Issuer's administrative, management or supervisory bodies) is Alsvej 21, DK-8940 Randers SV, Denmark.

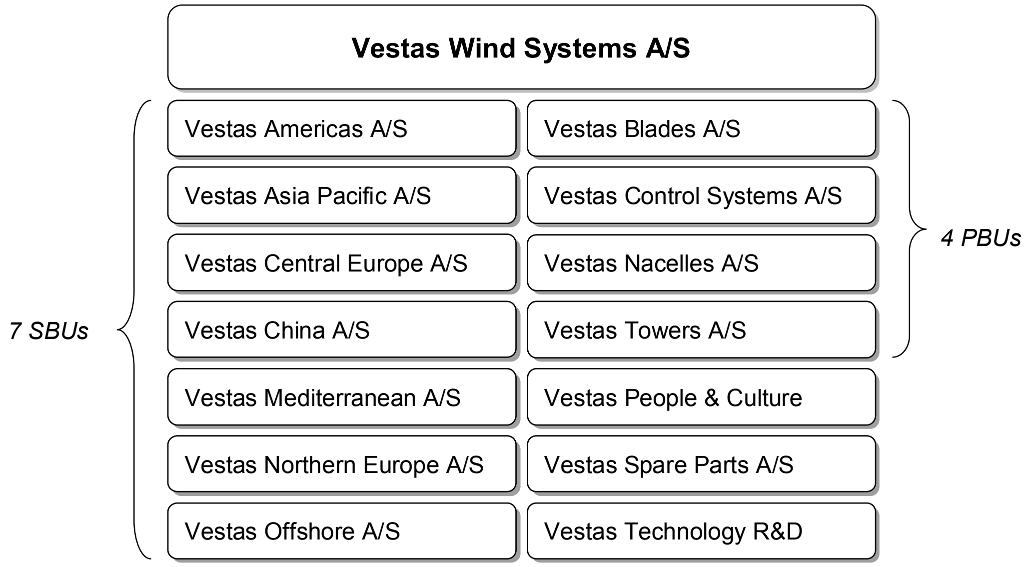
Full details of the principal outside activities of the directors (all being members of the Issuer's administrative, management or supervisory bodies) are set out on pages 40 to 45 of the Annual Report 2009 of the Issuer which are incorporated by reference in this document. The directors of the Issuer believe that, save in respect of their principal outside activities as described on pages 40 to 45 of the Annual Report 2009 of the Issuer, no director has any potential conflict of interest between his or her duties to the Issuer and his or her private interests and/or other duties.

Business Unit Structure

Vestas has 14 Business Units (**Business Unit**), of which 12 are legal entities incorporated as subsidiaries of the parent holding company, Vestas Wind Systems A/S, all reporting directly to the Executive Management. The presidents of the individual business units are responsible for the general day-to-day management of their respective areas of responsibility. Each Business Unit has a board of directors that holds meetings at least four times a year. Vestas' Executive Management is a member of the business units' boards, thus ensuring close dialogue with the individual units.

Executive Management and the Business Unit Presidents jointly constitute "The Government" which coordinates production and sales – and prioritises development efforts so that the Group can implement the strategy defined by the Board of Directors in collaboration with the Executive Management. The Vestas Government holds weekly government meetings.

The following chart illustrates the organisational structure of the Group and shows the names of the business units:



The Business Units are divided into four Production Business Units (**PBU**) resembling the structure of the turbine, seven Sales Business Units (**SBU**) resembling the geographical split of sales, a Spare Parts & Repair unit, a Technology R&D unit and a People & Culture unit. All Business Unit Presidents report to the CEO. Management believes that this ensures focus in each unit on a particular set of skills, for instance production and sourcing or customer focused sales and service.

Production Business Units

Each PBU has responsibility for its own production facilities and supply chain. The PBUs are structured in accordance with the four main components of a wind turbine, blades, controls, nacelles and towers. Each PBU is a profit centre and has its own internal income statement and balance sheet, with revenues reflecting internal sales to the SBUs. The cost of staff as well as other overhead costs at PBU level is accounted for in each PBU's individual income statement.

Vestas Blades A/S is responsible for manufacturing of blades for the Group and has eight manufacturing facilities in Denmark, Germany, Spain, Italy, China and USA.

Vestas Control Systems A/S produces control systems for all of the Group's wind turbines. The control systems consists of (i) software for controlling the turbine – pitch systems, yaw systems, equipment monitoring, (ii) low voltage systems for generators in the turbine and (iii) high voltage systems for the grid connection. Vestas Control Systems A/S has four manufacturing facilities in Denmark, China and Spain.

Vestas Nacelles A/S is responsible for sourcing and production of components included in the nacelles such as gearboxes and generators and for the assembly of nacelles for all the Group's wind turbines. Vestas is also in charge of production and processing of the principal cast components for nacelles such as bedframes and hubs. Vestas Nacelles A/S has 18 manufacturing facilities in China, Denmark, Germany, India, Italy, Norway, Spain and Sweden.

Vestas Towers A/S is responsible for sourcing and manufacturing of towers for all the Group's wind turbines. Vestas Towers A/S manufactures a fraction of the total number of towers for turbines sold by the Group. The remainder is purchased from preferred suppliers around the world. As towers are relatively heavy and difficult to transport, the Group manufactures and sources towers locally, whenever possible. Vestas Towers A/S has three manufacturing facilities in Denmark and the USA and two supply centres located in Denmark and China. The Towers facility in Colorado, USA, is the world's largest Towers production facility, and it is geographically well positioned for the expected continued growth of the American market.

Sales Business Units

The seven SBUs are responsible for sales and servicing of the Group's products. The SBU structure is based on a geographically logical split of responsibilities but a cross-SBU key account organisation has recently been put in place to support the increasingly global customer base of the Group.

The SBUs are structured geographically in seven regions, namely the Americas, Asia Pacific, Central Europe, China, Mediterranean, Northern Europe and Offshore, and are responsible for sales, project execution and service activities. Each SBU is responsible for the local market organisations and it is a profit centre with its own internal income statement and balance sheet, and with procurement prices being based on internal sales to SBUs from PBUs.

Although selling prices to customers and sales terms and conditions will be determined by each SBU for their individual markets, these are based on Group standards that are coordinated at Executive Management level.

Service constitutes a separate profit centre within each SBU and is consolidated into each SBU's results. Each SBU is responsible for procurement of products and services from third parties in relation to wind power projects, such as work on roads and foundations.

Technology R&D Business Unit

Technology R&D is responsible for the Group's research and development activities. Technology R&D is organised into three main sub-units focusing on Global Research, Engineering and Products and Operations, corresponding to the general lifecycle of the R&D related activities in the wind power plant development process.

Global Research matures new technologies and applies open innovation to build technology leadership through a global network of strategic partners whereas Engineering and Products develop wind power plant products with the target of consistently reducing cost of energy through effective implementation of technologies throughout the product lifecycle. Finally, Operations provides a large range of services from start to end of the entire customer project lifecycle, such as Siting, Engineering, Installation and Operations related services.

People & Culture Business Unit

People & Culture is responsible for handling all matters related to human resources on a Group-wide level, while at the same time supporting local People & Culture efforts in the other business units.

Spare Parts & Repair Business Unit

Vestas Spare Parts & Repair A/S is a global parts distribution and repair services organisation designed to support the Vestas Sales Business Units and their end customers. Vestas Spare Parts & Repair A/S's main responsibilities are procurement, distribution, and repair of components. This work aims to provide a competitive advantage for Vestas in aftermarket services that support wind turbine sales.

Production, sites and sourcing

Vestas has over the years insourced an increasing part of the production of critical wind turbine components, especially components such as blades, control units, generators, towers and cast iron components. The Group's four PBUs are responsible for staying at the forefront of development within their individual production engineering areas.

Optimised resource utilisation and improved productivity are prerequisites for Vestas to retain its competitive strength, minimise the environmental footprint of its own production and retain its market-leading position. During the first quarter of 2010, Vestas will adjust its production completely to a "make to order" process, which requires that all suppliers can always deliver on time. The objective is to manufacture with a minimum of inventories without increasing the time from receipt of order to shipment and installation.

Current production facilities

Vestas Production facilities		
PBU	**Type**	**Location**
Vestas Nacelles A/S	Foundry	Xuzhou, China
	Assembly	Hohhot, Inner Mongolia, China
	Foundry	Kristiansand, Norway
	Foundry	Lidkoping, Sweden
	Foundry	Guldsmedhyttan, Sweden
	Machining	Skagen, Denmark
	Assembly	Viborg, Denmark
	Assembly	Ringkobing, Denmark
	Machining	Lem, Denmark
	Generators	Lübeck, Germany
	Foundry	Magdeburg, Germany
	Assembly	Taranto, Italy
	Assembly	Villadangos del Páramo
	Assembly	Viverio – Lugo, Spain
	Assembly	Chenai, India
	Generators	Tianjin, China
	Assembly	Tianjin, China
	Machining	Tianjin, China
	Assembly	Brighton, Colorado, USA (Under construction)
Vestas Towers A/S	Towers factory	Pueblo, Colorado, USA
	Towers factory	Varde, Denmark
	Towers factory	Rudkobing, Denmark

Vestas Production facilities		
PBU	**Type**	**Location**
	Supply Centre, Internals	Esbjerg, Denmark
	Supply Centre, Internals	Tianjin, China
Vestas Blades A/S	Blades factory	Hohhot, Inner Mongolia, China
	Blades factory	Lem, Denmark
	Blades factory	Nakskov
	Blades factory	Lauchhammer, Germany
	Blades factory	Taranto, Italy
	Blades factory	Daimiel, Spain
	Blades factory	Windsor, Colorado, USA
	Blades factory	Tianjin, China
	Blades factory	Brighton, Colorado, USA (Under construction)
Vestas Control Systems A/S	Controls	Hammel, Denmark
	Controls	Lem, Denmark
	Controls	Olvega, Spain
	Controls	Tianjin, China

Note: Vestas' production facilities in Hohhot, China, are part of the Vestas China Business Unit.

New production facilities

An ongoing increase of production capacity is necessary for Vestas to accomplish its long-term growth targets. This capacity increase will be achieved partly through enhanced production efficiency, partly through construction of new production facilities.

In the period 2005-2009, Vestas invested a total of €2.3 billion, especially in its two largest markets, the USA and China, in order to fulfil the general rule that North America should be supplied from the USA, Europe from Europe and Asia/Pacific from Asia. This regional structure gives Vestas more competitive strength, reduces the environmental and climate costs and improves Vestas' currency mix between income and expenses.

A new foundry is now ready to be commissioned in Xuzhou, Jiangsu province, China. Vestas is now the only wind turbine manufacturer with its own foundry in China. At the beginning of 2009, Vestas completed construction of a factory in Hohhot, Inner Mongolia, China, for production of the V60-850 kW turbine, which is tailored specifically to local wind and transmission conditions of that area. In Pueblo, Colorado, USA, Vestas has completed the construction of the world's largest tower factory in 2009.

Vestas is currently constructing a nacelle assembly factory and a blade factory in Brighton, Colorado, USA.

Closedown of production facilities

In connection with the production capacity adjustments in the Northern European markets, the blade factory on the Isle of Wight, UK, was closed down in 2009. The decision was made as a result of the opening of Vestas' new factories in the US market, which had until then been served by the Isle of Wight factory. Continued transportation to other continents was not a financially or environmentally sustainable solution. In addition, Vestas expected that sales of onshore turbines in the UK and other Northern European markets would be insufficient to retain production facilities on the Isle of Wight. Part of the former blade factory will be included in the blade test centre currently being established on the Isle of Wight. In April 2009, Vestas completed the sale of its tower factory in Campbeltown, Scotland. The sale was effected because the products which the factory was originally dimensioned to manufacture were no longer in sufficient demand.

Suppliers

In respect of components supplied from outside the Group, the Group primarily uses large and internationally reputable suppliers. It is the Group's policy to constantly review the supplier portfolio to secure a robust supply chain, ensuring that the suppliers have sufficient capacity and delivers at required quality levels. The Group aims at always having at least two suppliers for components and in the majority of cases, this goal is accomplished

The PBUs work closely with their suppliers to improve the supply chain, enabling the supply of components at competitive prices that reflect the quality and timeliness of the delivery. Against this background, in 2005, Vestas launched Six Sigma as the Group's key quality improvement tool. The system has been implemented at Vestas' own factories and at its suppliers and is aimed at reducing variances in processes and, by extension, harmonising the quality level. At the end of 2008, Vestas and the vast majority of its suppliers had reached 4 Sigma. The target for the end of 2010 is 5 Sigma.

Vestas has stationed some of its own employees with many suppliers in order to adjust relevant processes early and cost effectively. In 2009, a number of suppliers became more deeply involved in Vestas' product development for the purpose of reducing costs and improving quality.

Technology and products

Product portfolio

Vestas has a broad product portfolio, which is optimised regularly to ensure the best possible output and return from wind power plants under any wind and transmission conditions. Vestas is able to deliver proven wind turbines for all relevant segments in the market, be it for onshore or offshore conditions or in different wind regimes (turbulence, wind class).

Vestas believes that the current product portfolio is an important distinguishing feature in the current market place where a proven track record and certainty of the business case is key for Vestas' customers, project financiers and other stakeholders involved in development of wind power parks.

Product portfolio			
kW segment	**MW+ segment**	**2 MW segment**	**Multi-MW segment**
V52-850 kW *V60-850 kW*	*V82-1.65 MW*	*V80-2.0 MW* *V90-1.8/2.0 MW* *V100-1.8 MW*	*V90-3.0 MW* *V112-3.0 MW onshore* *V112-3.0 MW offshore*

Product development

In order to retain its technological leadership position, Vestas invests heavily in development facilities and human resources. Vestas intends to increase the headcount in Vestas Technology R&D by approximately 500 to 2,000, by the end of 2010. In 2009, the number of employees in Technology R&D rose from 1,345 to 1,490. The target for Vestas' development activities is to have the lowest cost of energy measured partly as the price per MWh, partly as the total environmental costs.

Vestas aims to consistently manufacture and service more robust and reliable wind power plants, thereby increasing the competitive strength and the value of wind power. The future growth is underpinned by the fact that the price of fossil fuels and carbon emissions is set to rise dramatically.

In February 2009, the Group began to market its two new wind turbines; the V100-1.8 MW and the V112-3.0 MW, which will be ready for delivery to sites with medium and low winds in 2010 and 2011, respectively. As the availability of high wind sites is gradually decreasing, it is expected that low-wind and medium-wind sites will increasingly gain in importance in the sector. The prototype of the new V60-850 kW turbine from Vestas' Hohhot factory in Inner Mongolia, China, was presented in April 2009, and the first order for this turbine was received in December 2009.

The 6 MW offshore turbine, which is currently being developed, must dramatically reduce the cost of energy compared with all known competing products. Combined with the launch of the V112-3.0 MW offshore turbine, the new 6 MW offshore turbine will underpin Vestas' commitment to offshore operations, in which Vestas had an estimated accumulated market share of 40 per cent. at the end of 2009. Of Vestas' total installed MW at the end of 2009, offshore accounts for 2 per cent.

Research and development facilities

At the end of 2009, Vestas had employees working with research and product development in the USA, Europe and Asia. In 2009, Vestas spent a total amount of €249 million on wind power technology development. Going forward, Vestas will continue to invest the necessary funds to retain its technological leadership position.

An extension of the blade technology centre on the Isle of Wight, UK commenced in 2009. The centre is expected to become operational in the third quarter of 2011. In addition, a new development centre was established in Houston, Texas, USA and a new R&D office was opened in Boston, Massachusetts, USA. The Boston office has taken over key employees from ePower LLC, which has three decades of experience in motor and generator technology.

Furthermore, in addition to blade production and nacelle assembly, Vestas' new facilities in Brighton, Colorado, USA, will also be housing R&D employees from 2010. Finally, an expansion of Vestas Technology R&D's headquarters in Aarhus, Denmark, will become operational in May 2010, at which time it will be able to house 900 employees.

Patents

Protecting the large number of technologies developed by Vestas is paramount for Vestas to retain its technology leadership position, and it is therefore a key contributor to retaining operational freedom. As in the preceding years, in 2009 Vestas once again increased its patent investments, recording an increase in the number of new patent applications from 153 in 2008 to 165 in 2009. Since 2005, Vestas has increased the number of annual patent applications more than tenfold. Vestas expects to maintain the high level in the years ahead.

Vestas was not involved in litigation concerning patents and/or other intellectual property rights in 2009.

Sales, markets and service

Main Markets

Vestas' main markets in 2009 in terms of deliveries did not deviate substantially from its main markets in 2008. Europe as a zone remains a key market for Vestas and Spain, Italy and Germany once again proved to be important markets in Europe. Certain markets in Europe not part of the Eurozone, such as Poland, Sweden and the UK, were adversely affected in the short term by currency developments, but long term prospects remain positive. In Americas, USA and Canada once again topped the tables with deliveries of more than 1,100 MW in total.

Vestas' deliveries to the Asia/Pacific market were predominantly into China. Various factors caused other Asia/Pacific markets to decline significantly in size, having a clear impact on Vestas' deliveries to those markets. The table below shows the MW capacity of the equipment Vestas delivered in 2008 and 2009 by country and region:

	2009	2008
	MW	MW
Europe		
Spain	762	650
Italy	419	376
Germany	320	449
Greece	177	152
France	157	253
Poland	145	48
Sweden	144	120
United Kingdom	122	82
Turkey	111	150
Portugal	84	36
Bulgaria	64	9
Denmark	57	22
Belgium	49	10
Ireland	45	9
Romania	43	0
The Netherlands	26	242
Hungary	25	37
The Czech Republic	22	6
Croatia	0	42
Austria	0	14
Total Europe	2,772	2,707
Americas		
USA	749	1,345
Canada	380	285
Brazil	51	79
Chile	94	0
Aruba	30	0
Uruguay	0	10
Total Americas	1,304	1,719
Asia/Pacific		
China	584	596
India	97	162
Azerbaijan	2	0
Australia	0	159
Japan	0	80
Taiwan	0	76
South Korea	0	73
Philippines	0	8
Total Asia/Pacific	683	1,154
Africa		
Kenya	5	0
Total Africa	**5**	**0**
Total World	**4,764**	**5,580**

Customer base

Vestas expects that large customers will come to represent a larger proportion of the new capacity in the future, especially in mature markets. Revenue in 2009 was distributed among 201 customers, against 228 in 2008.

By establishing the independent group staff function Group Marketing & Customer Insight in 2009, Vestas intensified its efforts to build a strong customer-oriented culture throughout the organisation. Through significantly improved customer insight and open customer dialogue, Vestas aims to achieve a sharp improvement in customer loyalty. Group Marketing & Customer Insight is to provide support to the sales business units and standardise customer-related activities so that the most expedient work methods and processes are applied throughout Vestas, making Vestas a better partner to its customers. Furthermore, the function is responsible for product launches and progressive accumulation of knowledge about customer needs to ensure faster and better follow up on collaboration with each customer and that customer's satisfaction with Vestas.

In order to ensure uniform, high quality in all parts of the collaboration with Vestas' largest international customers, a cross-border Key Account Management programme was launched in 2009, comprising all sales business units. In addition, customers will become more involved in product development and will generally have better access to information and data relating to business and technology.

Service

Focusing on maximum output and return from the wind power plants through meticulously planned service inspections, Vestas' service organisation helps ensure more satisfied customers. This was achieved concurrently with the Group building a more profitable service business. Since the beginning of 2008, Vestas has invested substantial resources in enhancing the service organisation's efficiency and, by extension, the reliability of the wind power plants. The mean time between service inspections of each turbine was improved in 2009 compared to 2008, when the mean time was doubled.

Vestas Performance & Diagnostics Centre regularly monitors more than 15,500 turbines, or about 26,600 MW, allowing the service organisation to make preventive retrofitting and repairs. Meticulous planning of service inspections produces enhanced operations and higher production output and thereby stronger earnings for the customers and Vestas.

Vestas is increasing the number of wind turbines monitored. At the end of 2009, these turbines accounted for 69 per cent. of Vestas' total installed capacity. Analyses of data from the wind turbines which combined represent the world's largest wind power plant by far also provide input for the design of upgrade packages which, subject to service contracts concluded, are implemented or offered in connection with software upgrades for installed turbines.

Vestas expects that in future, the service business will grow at least as fast as the other activities and the recent establishment of the Spare Parts & Repair Business Unit underlines Vestas' commitment to the service segment.

Employees

Vestas has traditionally had the majority of its employee base in Europe, and that remains unchanged. However, the majority of Vestas' recruits in recent years has been outside Europe, as a result of the global expansion of the Group, and 32 per cent. of the Group's employees were located in Americas and Asia/Pacific at the end of 2009.

The table below shows the breakdown of Vestas employees by function and region:

	Europe	Americas	Asia/Pacific	Total
Production units...............................	7,471	735	2,109	10,315
Sales and service units.....................	4,170	1,404	2,013	7,587
R&D	1,182	54	254	1,490
Others...	1,338	0	0	1,338
Total..	14,161	2,193	4,376	20,730

Due to the capacity build-up in the USA and a lack of growth in demand in a number of markets in Northern Europe, Vestas reduced the number of employees in Denmark and the UK by 1,567 in 2009. In spite of the lay-offs, the headcount was approximately the same as in 2008 due to the expansions in the USA and China.

Since 2005, Vestas has recruited 10,112 employees and at 31 December 2009, the 20,730 employees had an average seniority of 3.7 years, with 48 per cent. of the employees having less than two years' seniority. The training and retention of new and existing employees is therefore a key priority area.

Excellence programmes

Vestas established an Excellence programme in 2009 to be able to continue the positive development the Group has been undergoing in recent years in terms of improving efficiency, optimising processes and increasing control, thereby increasing profits and other financial and operational key metrics. The Vestas Excellence programme consists of eight centres, which in a combined effort with the business units are to identify, organise and optimise work methods and procedures at Vestas to ensure that the best solutions are consistently applied across the Group. The centres are also responsible for ensuring a constant focus on improving profitability throughout Vestas. The responsibilities of the eight centres are outlined below:

Excellence programme	Selected focus areas and responsibilities
Sales	• Driving customer focus • Continuously improving the Sales mindset through alignment of strategy, structure, competences and processes • Driving the execution of Vestas' Global Sales Strategy. • Aligning the sales process with the customer's buying process and making it leaner and developing Vestas' pricing strategy. • Providing SBU support on pricing new product introductions. • Standardising and bundling Vestas products and services to better meet customer needs.
Sourcing	• Facilitating a lean and agile supply chain through aligned strategy, processes and organisation. • Developing strong partnerships with suppliers to ensure quality components at a low cost for future growth. • Enhancing sourcing competences and knowledge sharing across units. • Securing Category Management Concept implementation across functions. • Monitoring implementation of and securing an effective, transparent decision-making process. • Driving the formulation of a shared global-sourcing strategy.

Excellence programme	Selected focus areas and responsibilities
Production	• Improving lead-time on integrated product development and improvement loops. • Designing, implementing and driving Vestas' Global Production Excellence Training. • Aligning and ensuring implementation of PBU organisational structure. • Ensuring management focus on safety, quality, delivery, inventory and productivity. • Rolling out the Lean Conversion concept in key factories to ensure the reduction of waste in lead-time and inventory, and to improve quality.
Quality	• Maintaining quality as a key driver in Vestas. • Practicing transparency of quality performance and sharing best practises. • Driving Quality Community work. • Designing and implementing an efficient and scalable quality organisation, which continuously improves quality towards Six Sigma.
Transport & Logistics	• Developing the Vestas Global Transport & Logistics strategy. • Establishing a Transport Quality Management (TQM) team. • Reducing transportation costs. • Mapping business units' transport patterns, methods and logistics costs. • Supporting and reviewing Transport & Logistics' needs for upcoming large-projects. • Establishing a uniform contract and approval procedure.
Construction.....................	• Enabling standardised global-operational construction processes, roles, and responsibilities. • Securing and improving proactive handling of construction risks. • Standardising a workflow based on best practices for construction tasks, which will optimize installation costs.
Service.............................	• Developing and executing Vestas' Global Service Strategy. • Driving the prioritisation and implementation of service process-improvement initiatives across Vestas. • Maintaining and developing service products. • Defining service processes and designing a new Global Service Organisation.
Process	• Designing and implementing business process management and process communities. • Launching a global Process Portal (VPP). • Conducting training in Lean Six Sigma. • Enabling organisational alignment by facilitating the definition of common processes, roles and responsibilities.

In 2009, the centres helped lift Vestas' earnings, demonstrating the continued potential for substantial savings in all parts of the value chain.

Sustainability

Safety culture

In accordance with Vestas' mission, failure is not an option, the ultimate goal is to reduce the number of industrial injuries to zero. For the fourth year running, in 2009 Vestas again achieved the lowest incidence of industrial injuries in its history. The incidence of industrial injuries per one million working hours was 8.1, declining from 15.6 in 2008. The target for 2010 is to achieve an incidence of 7.0 industrial injuries per one million working hours and for 2012 the target is 3.0 or less. This ambition calls for dedicated management of the safety initiatives, not only at Vestas but also at Vestas' business partners.

To emphasise the priority given to safety, the incidence of industrial injuries is one of the criteria in the global employee bonus scheme.

Sustainable production

Wind power plants generate power without emitting CO_2, NOx and SOx and without consuming any water. In 2008, Vestas resolved to step up its environmental efforts under the "As green as it gets" principle. Vestas will make wind turbine production as green as possible, partly in order to save money, partly to maintain the industry's most sustainable production and thereby strengthen its competitiveness.

Vestas has subsequently joined common initiatives such as the UN Global Compact and the World Business Council for Sustainable Development and implemented a green electricity policy, a green car policy and a green building policy.

Code of conduct

Vestas strives to be in full compliance with its code of conduct and all employee are expected to act in accordance with the code of conduct. In 2009, the updated code of conduct has been made available to all employees through various means of communication (Vestas' code of conduct can be downloaded from www.vestas.com).

Shareholders

Vestas Wind Systems A/S' shares are listed on NASDAQ OMX Copenhagen A/S under the symbol VWS. The share capital amounts to DKK 203,704,103.00 (203,704,103 shares) and consists of a single class of shares. Each share carries one vote and is freely negotiable. In 2009, the Vestas share was the most traded share on NASDAQ OMX Copenhagen A/S with a turnover of €21 billion. At the end of 2009, the share closed at DKK 317.00, equal to a market capitalisation of €8.7 billion. During 2009, the price of the Vestas share rose by 4 per cent.

At the end of 2009, no shareholders have announced holding more than 5 per cent. of the share capital (as required by section 55 of the Danish Companies Act).

The Issuer does not know of any arrangements the operation of which may at a subsequent date result in a change of its control.

Selected Consolidated Financial Data

The following selected consolidated financial data as of and for the years ending 31 December 2005, 2006, 2007, 2008 and 2009 set out below is taken from the Annual Report 2009 of the Issuer and should be read in conjunction with, and is qualified in its entirety by reference to the audited consolidated annual financial statements of the Issuer for the years ended 31 December 2008 and 2009 which are incorporated in, or incorporated by reference in, this document.

	2009	2008	2007	2006	2005
Highlights					m€
Income statement					
Revenue...	6,636	6,035	4,861	3,854	3,583

Gross profit..	1,441	1,179	825	461	84
Profit before financial income and expenses, depreciation and amortisation (EBITDA)	1,074	803	579	328	9
Operating profit/(loss) (EBIT)................	856	668	443	201	-116
Profit/(loss) of financial items	(48)	46	0	-40	-42
Profit/(loss) before tax	809	714	443	161	-158
Profit/(loss) for the year	579	511	291	111	-192
Balance sheet					
Balance sheet total	6,435	5,308	4,296	3,654	3,085
Equity..	3,364	1,955	1,516	1,262	962
Provisions...	356	274	305	265	239
Average interest-bearing position (net)...	(55)	395	179	-299	-560
Net working capital...............................	1,235	299	-68	122	498
Investments in property, plant and equipment...	606	509	265	153	95
Cash flow statement..............................					
Cash flow from operating activities........	(34)	277	701	598	148
Cash flow from investing activities	(808)	-680	-317	-144	-137
Cash flow from financing activities........	1,075	-91	-54	-101	-46
Change in cash at bank and in hand less current portion of bank debt	233	-494	330	353	-35
Ratios					
Financial ratios (1)					
Gross margin (%).................................	21.7	19.5	17.0	12.0	2.4
EBITDA margin (%)	16.2	13.3	11.9	8.5	0.3
EBIT margin (%).................................	12.9	11.1	9.1	5.2	(3.2)
Return on invested capital (ROIC) (%)...	23.9	34.1	30.9	11.9	(13.2)
Solvency ratio (%)	52.3	36.8	35.3	34.5	31.2
Return on equity (%).............................	21.8	29.4	21.0	10.0	(18.1)
Gearing (%)..	10.4	6.3	9.9	13.8	51.2

The ratios have been calculated in accordance with the guidelines from "Den Danske Finansanalytikerforening" (The Danish Society of Financial Analysts) (Recommendations and Financial ratios 2005), refer to note 1 to the consolidated accounts.

TAXATION

EU Savings Directive

Under EC Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.

The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The proposal has been approved by the European Parliament and is under discussion by the European Council. If implemented, the changes may amend or broaden the scope of the requirements described above.

Denmark

Danish Taxation

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in the consolidated Act No. 1001 of 26 October 2009, as amended. This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer.

Resident holders of Notes

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest.

Capital gains are taxable to individuals and corporate entities in accordance with the Danish act on taxation of debt, debt claims and financial contracts (in Danish "*Kursgevinstloven*") (the **Act**). Until the end of the income year 2009, gains and losses on Notes issued to corporate entities are generally taxed on a realised basis. As of the income year 2010 gains and losses on Notes issued to corporate entities are generally taxed in accordance with a mark-to-market principle (in Danish "*lagerprincippet*"), i.e. on an unrealised basis. Gains and losses on Notes issued to individuals are generally taxed on a realised basis.

Gains on any Notes issued to individuals and denominated in the Danish currency (DKK) may be exempt from Danish capital gains tax if the requirements for the minimum interest (in Danish "*mindsterenten*") set out in the Act have been met. Gains on Notes, which are subject to adjustments on principal or interest as set out in section 29, subsection 3 of the Act will, for corporate entities as well as individuals, be taxable on gains and losses on an annual basis in accordance with a mark-to-market principle (in Danish "*lagerprincippet*") as further specified in the Act.

On 27 January 2010 a revision of the Act was proposed by the Danish Minister of Taxation which, if enacted, would subject all gains on the Notes to individual taxation. The proposed revision to the Act provides that no distinction will be drawn in the treatment of the Notes for purposes of individual taxation on the basis of their rate of interest or their denominated currency. Any gain will be taxed on a realised basis and annual gains not exceeding DKK 2.000 will be exempt from tax. If the proposed revision is enacted as proposed it will have effect on all Notes acquired from 27 January 2010 onwards.

A variety of features regarding interest and principal may apply to the Notes. The applicable taxation of capital gains to corporate entities or individuals will depend on the features applicable to the Notes in question.

Pension funds and other entities governed by the Danish act on taxation of pension yield (in Danish "*Pensionsafkastbeskatningsloven*") would, irrespective of realisation, be taxed on annual value increase or decrease of the Notes according to a mark-to-market principle (in Danish "*lagerprincippet*") as specifically laid down in the Act.

Non-resident holders of Notes

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark. No withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under "*Taxation at source*" above.

This tax treatment applies solely to Noteholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the amended law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime) will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Further, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, may also opt for a final 10 per cent. levy. In such case, the 10 per cent. levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10 per cent. levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EU Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity within the meaning of Article 4.2 of the EU Savings Directive, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 20 per cent. and will increase to a rate of 35 per cent. as from 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

SUBSCRIPTION AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Nordea Bank Danmark A/S, Société Générale, UniCredit Bank AG and Skandinaviska Enskilda Banken AB (publ) (together the **Managers**) have pursuant to a Subscription Agreement dated 16 March 2010, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes at an issue price 99.533 per cent. of their principal amount. The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the issue of the Notes within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Denmark

Each Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act no. 795 of 20 August 2009, as amended and Executive

Orders issued thereunder and in compliance with Executive Order no. 965 of 30 September 2009 and the Danish Financial Business Act to the extent applicable.

General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Listing and admission to trading

1. Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and Directive 2003/71/EC (the Prospectus Directive).

Relevant Approvals

2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the creation, issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 9 February 2010.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) for the Notes is XS0496644609 and the Common Code is 049664460.

   The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant or material adverse change

4. There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2009 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2009.

Litigation

5. Neither the Issuer nor any other member of the Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), in the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Issuer's and/or the Group's financial position or profitability.

Auditors

6. The auditors of the Issuer are PricewaterhouseCoopers Statsautoriseret Revisionsaktieselskab, chartered accountants (a member of the Danish Association of State Authorised Public Accountants (FSR)) whose registered address is at Strandvejen 44, 2900 Hellerup, Denmark and KPMG Statsautoriseret Revisionspartnerselskab, chartered accountants (a member of the Danish Association of State Authorised Public Accountants (FSR)) whose registered address is at Vaerkmestergade 25, 8100 Aarhus C, Denmark, who have each audited the Issuer's accounts, without qualification, in accordance with IFRS as adopted by the EU for each of the two financial years ended on 31 December 2009. PricewaterhouseCoopers Statsautoriseret Revisionsaktieselskab have been appointed the auditors of the Issuer from 1 January 2010.

U.S. tax

7. The Notes and Coupons will contain the following legend: "Any United States person (as defined in the United States Internal Revenue Code of 1986, as amended (the **Code**) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code."

Material Contracts

8. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's results, financial condition, operations or ability to meet its obligations to Noteholders in respect of the Notes being issued.

Yield

9. The yield of the Note is 4.732 per cent. on an annual basis. The yield is calculated at 23 March 2010 on the basis of the issue price. It is not an indication of future yield.

Miscellaneous

10. The total expenses related to the admission to trading of the Notes are estimated to be €530,000.

Documents Available

11. For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the Annual Report 2009 of the Issuer in respect of the financial year ended 31 December 2009 (including the auditors' report in connection with the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2009);

(c) the Annual Report 2008 of the Issuer in respect of the financial year ended 31 December 2008 (including the auditors' report in connection with the audited consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2008); and

(d) the Fiscal Agency Agreement in draft form and then in final form when available.

The Issuer currently prepares audited consolidated accounts on an annual basis and unaudited consolidated interim accounts on a quarterly basis.

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

FINANCIAL INFORMATION AND AUDITORS' REPORT

Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009, together with the auditors' report

Consolidated accounts

CONSOLIDATED INCOME STATEMENT 1 JANUARY – 31 DECEMBER

mEUR	Note	2009	2008
Revenue	3, 4	6,636	6,035
Cost of sales	5, 6	(5,195)	(4,856)
Gross profit		**1,441**	**1,179**
Research and development costs	5, 6, 7	(92)	(119)
Selling and distribution expenses	5, 6	(232)	(181)
Administrative expenses	5, 6	(261)	(211)
Operating profit		**856**	**668**
Income from investments in associates	14	1	0
Financial income	8	14	66
Financial expenses	9	(62)	(20)
Profit before tax		**809**	**714**
Corporation tax	10	(230)	(203)
Profit for the year		**579**	**511**
Distributed as follows:			
Shareholders in Vestas Wind Systems A/S		579	511
		579	**511**
Earnings per share (EPS)	11		
Earnings per share (EUR)		2.94	2.77
Earnings per share (EUR), diluted		2.94	2.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 31 DECEMBER

mEUR	2009	2008
Profit for the year	579	511
Exchange rate adjustment from conversion to EUR	2	0
Exchange rate adjustments relating to foreign entities	13	(43)
Fair value adjustments of derivative financial instruments	(8)	(38)
Fair value adjustments of derivative financial instruments transferred to the income statement (cost of sales)	38	(4)
Tax on derivative financial instruments	(8)	10
Other comprehensive income after tax	37	(75)
Total comprehensive income	616	436
Distributed as follows:		
Shareholders in Vestas Wind Systems A/S	616	436
	616	436

CONSOLIDATED BALANCE SHEET 31 DECEMBER – ASSETS

mEUR	Note	2009	2008
Goodwill		320	320
Completed development projects		99	60
Software		73	62
Development projects in progress		320	202
Total intangible assets	12	**812**	**644**
Land and buildings		661	433
Plant and machinery		230	159
Other fixtures and fittings, tools and equipment		216	167
Property, plant and equipment in progress		354	271
Total property, plant and equipment	13	**1,461**	**1,030**
Investments in associates	14	1	1
Other receivables	19	16	25
Deferred tax	15	110	63
Total other non-current assets		**127**	**89**
Total non-current assets		**2,400**	**1,763**
Inventories	16	1,663	1,612
Trade receivables	17	525	938
Construction contracts in progress	18	1,032	482
Other receivables	19	234	181
Corporation tax	20	93	49
Investments		0	121
Cash at bank and in hand	28	488	162
Total current assets		**4,035**	**3,545**
Total assets		**6,435**	**5,308**

CONSOLIDATED BALANCE SHEET 31 DECEMBER – EQUITY AND LIABILITIES

mEUR	Note	2009	2008
Share capital	21	27	25
Other reserves		(41)	(78)
Retained earnings		3,378	2,008
Total equity		**3,364**	**1,955**
Deferred tax	15	121	9
Provisions	22	82	85
Pension obligations	23	2	2
Financial debts	24	339	14
Total non-current liabilities		**544**	**110**
Prepayments from customers		123	106
Construction contracts in progress	18	598	1,383
Trade payables		1,062	1,030
Provisions	22	151	178
Financial debts	24	12	109
Other liabilities	25	436	395
Corporation tax	20	145	42
Total current liabilities		**2,527**	**3,243**
Total liabilities		**3,071**	**3,353**
Total equity and liabilities		**6,435**	**5,308**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY – 31 DECEMBER

mEUR	Share capital	Other reserves: Translation reserve	Other reserves: Cash flow hedging reserve	Reserves	Total
Equity at 1 January 2009	**25**	**(50)**	**(28)**	**2,008**	**1,955**
Capital increase	2	0	0	800	802
Costs of capital increase	0	0	0	(10)	(10)
Acquisition of treasury shares	0	0	0	(1)	(1)
Share based payment	0	0	0	2	2
Total comprehensive income for the year	0	15	22	579	616
Equity at 31 December 2009	**27**	**(35)**	**(6)**	**3,378**	**3,364**

mEUR	Share capital	Other reserves: Translation reserve	Other reserves: Cash flow hedging reserve	Reserves	Total
Equity at 1 January 2008	**25**	**(7)**	**4**	**1,494**	**1,516**
Capital increase	0	0	0	0	0
Costs of capital increase	0	0	0	0	0
Acquisition of treasury shares	0	0	0	0	0
Share based payment	0	0	0	3	3
Total comprehensive income for the year	0	(43)	(32)	511	436
Equity at 31 December 2008	**25**	**(50)**	**(28)**	**2,008**	**1,955**

Refer to the parent company's statement of changes in equity on page 123 for information about which reserves are available for distribution. For proposed distribution of profit, refer to the parent company's annual accounts on page 121.

CONSOLIDATED CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

mEUR	Note	2009	2008
Profit for the year		579	511
Adjustments for non-cash transactions	26	461	258
Interest received, etc.		8	32
Interest paid, etc.		(31)	(9)
Corporation tax paid		(114)	(148)
Cash flow from operating activities before change in working capital		903	644
Change in working capital	27	(937)	(367)
Cash flow from operating activities		**(34)**	**277**
Purchase of intangible assets		(227)	(169)
Purchase of property, plant and equipment		(606)	(509)
Purchase of other non-current assets		0	(12)
Disposal of property, plant and equipment		15	10
Disposal of other non-current assets		10	0
Cash flow from investing activities		**(808)**	**(680)**
Capital increase		792	0
Acquisition of treasury shares		(1)	0
Repayment of non-current liabilities		0	(91)
Raising of non-current liabilities		284	0
Cash flow from financing activities		**1,075**	**(91)**
Change in cash at bank and in hand less current portion of bank debt		**233**	**(494)**
Cash at bank and in hand less current portion of bank debt at 1 January		219	763
Exchange rate adjustments of cash at bank and in hand		27	(50)
Cash at bank and in hand less current portion of bank debt at 31 December		**479**	**219**
The balance is specified as follows:			
Cash at bank and in hand without disposal restrictions		468	150
Cash at bank and in hand with disposal restrictions	28	20	12
Investments		0	121
Total cash at bank and in hand		488	283
Current portion of bank debt	24	(9)	(64)
		479	**219**

NOTES TO THE CONSOLIDATED ACCOUNTS

1 GROUP ACCOUNTING POLICIES

The Consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and in compliance with the International Financial Reporting Standards (IFRS) as issued by the IASB.

The parent company's annual accounts have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to listed companies.

The annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of listed companies. Reference is made to the disclosure requirements for annual reports of listed companies laid down by the NASDAQ OMX Copenhagen, the Danish Financial Statements Act and the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Basis of preparation

The annual report has been prepared under the historical cost method, except for the derivative financial instruments for hedging purposes.

Non-current assets and groups of assets held for sale are measured at the lower of carrying amount prior to the reclassification and fair value less selling costs.

The accounting policies as described below have been applied consistently over the financial year and in respect of the comparative figures.

The accounting policies remain unchanged from 2008 except for the implementation of the new accounting standards specified below.

The annual report is presented in million EUR.

Implementation of new International Financial Reporting Standards

With effect from 1 January 2009, the Vestas Group has implemented amendments to IAS 1 presentation of the consolidated financial statements, IAS 23 borrowing costs, IAS 27 consolidated financial statements, IAS 32 & 39 financial instruments, IFRS 1 first-time adoption of IFRS, IFRS 7 financial instruments disclosures, IFRS 8 operating segments, IFRIC 13 customer loyalty programmes and improvements to IFRSs (May 2008).

The amendments and interpretations have not affected recognition and measurement. Apart from the amendments to IAS 1 and the implementation of IFRS 8, they have neither resulted to changes in the Group's accounting policies nor changes to the note disclosures.

The amendments to IAS 1 only resulted to the change in the equity note by separately disclosing the statement of comprehensive income/ total recognised income and expenses, immediately after the income statement. Thus, the equity note only shows transactions with the shareholders of Vestas.

The implementation of IFRS 8 has resulted to changes in the disclosure requirements as described below, and presented in note 3 to the consolidated financial statements.

The new standards and interpretations do not affect earnings per share and diluted earnings per share.

The description of new standards and interpretations that are not yet effective has been included in note 38 to the consolidated accounts.

Consolidated accounts and business combinations

The consolidated accounts comprise Vestas Wind Systems A/S (the parent company) and the enterprises in which Vestas Wind Systems A/S directly or indirectly holds more than 50 per cent of the votes or otherwise exercises control (subsidiaries). Vestas Wind Systems A/S and its subsidiaries together are referred to as the Group.

Enterprises that are not subsidiaries, but in which the Group holds between 20 per cent and 50 per cent of the votes or otherwise exercises significant influence on operational and financial management, are classified as associates.

An overview of Group legal entities is provided on pages F51–F53.

The consolidated accounts are prepared from the financial statements of the parent company and subsidiaries by combining accounting items of a uniform nature with subsequent elimination of intercompany income and expenses, shareholdings, intercompany balances and dividends as well as unrealised profits and losses on transactions between consolidated enterprises.

The consolidated accounts are based on financial statements prepared under the accounting policies of the Vestas Group.

On purchase of new enterprises, the acquisition method of accounting is applied. Cost is measured as consideration paid with addition of the fair value of equity instruments issued plus expenses directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired or assumed upon a business combination are initially measured at fair value at the time of acquisition. Any positive differences between cost and fair value of the Group's share of the identifiable net assets acquired are recognised as goodwill.

Newly acquired, sold or wound-up enterprises are recognised in the consolidated income statement from the time of acquisition or until the time of disposal. Comparative figures are not restated for newly acquired, sold or wound-up enterprises. However, comparative figures in the income statement are restated in respect of discontinued operations.

Goodwill from acquired enterprises may, due to changes to the measurement of net assets, be adjusted for a period of up to one year following the date of acquisition where goodwill has been determined on a provisional basis at first recognition. Subsequently, goodwill is adjusted only as a result of changes in estimates of conditional consideration and the realisation of deferred tax assets of acquired enterprises which were not recognised at the time of acquisition.

Profits or losses on disposal or winding up of subsidiaries are calculated as the difference between the sales sum or proceeds from winding up and the carrying amount of net assets at the time of sale, including goodwill and estimated expenses to sell or wind up. Profit or losses are recognised in the income statement.

The assets, liabilities and transactions of subsidiaries are recognised fully in the consolidated accounts. Minority interests' shares of profit for the year and of equity of subsidiaries that are not fully owned are included in the Group's profit for the year and equity, respectively, but are shown separately.

Translation policies

Functional currency and presentation currency

Assets, liabilities and transactions of each of the reporting entities of the Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency). Transactions in currencies other than the functional currency are transactions in foreign currencies. The functional currency of the parent company is Danish kroner (DKK); however, due to the Group's international relations, the consolidated accounts are presented in euro (EUR).

Translation into presentation currency

The balance sheet is translated into the presentation currency at the EUR rate at the balance sheet date. The transaction date rates are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction.

Translation of transactions and amounts

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates at the dates of transaction. Exchange adjustments arising due to differences between the transaction >>

>> date rates and the rates at the dates of payment are recognised as financial income or financial expenses in the income statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognised as financial income or financial expenses in the income statement.

Translation of group enterprises
On recognition in the consolidated accounts of foreign enterprises with a functional currency that differs from the presentation currency of the Group, income statements are translated at transaction date rates, and balance sheet items are translated at the exchange rates at the balance sheet date. The transaction date rates are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. Exchange adjustments arising on the translation of the opening equity of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from transaction date rates to exchange rates at the balance sheet date are recognised directly in equity under the separate translation reserve.

Exchange adjustments of balances with foreign enterprises that are treated as part of the total net investment in the enterprise in question are recognised directly in equity in the consolidated accounts. Similarly, exchange gains and losses on the part of loans and derivative financial instruments entered into in order to hedge the net investment in foreign enterprises with another functional currency than the presentation currency of the Group, which effectively hedge against corresponding exchange gains/losses on the net investment in the enterprise, are recognised directly in equity under a separate translation reserve in the consolidated accounts.

On recognition in the consolidated accounts of associates with functional currencies that differ from the presentation currency of the Group, the share of results for the year are translated at average exchange rates, and the shares of equity including goodwill are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the share of the opening equity of foreign associates at exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognised directly in equity under the separate translation reserve.

On disposal of foreign entities, in full or in part, or on repayment of balances treated as part of the net investment, the share of the accumulated exchange adjustments recognised directly in and attributable to equity, is recognised in the income statement at the same time as any profit or loss on the disposal.

Derivative financial instruments
Derivative financial instruments are recognised and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively, and positive and negative values are set off only where the enterprise has the right and intention to settle several financial instruments on a net basis.

Fair values of derivative financial instruments are calculated on the basis of market data as well as recognised valuation methods.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the value of the hedged asset or the hedged liability related to the hedged risk.

According to the agreements entered into the hedging of future cash flows, except for currency hedging, are treated as fair value hedges of a recognised asset or a recognised liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future cash flows and effectively hedge changes in the value of the hedged item are recognised in equity. Profits or losses on such hedging transactions are transferred from equity on realisation of the hedged item and are recognised in the same entry as the hedged item. However, on hedging of proceeds from future borrowing, profits or losses on hedging transactions are transferred from equity over the term of the loan.

Changes in the fair values of derivative financial instruments, designated and qualify as hedges of net investments in foreign subsidiaries or associates and effectively hedge against exchange adjustments in these enterprises, are recognised directly in equity under the cash flow hedging reserve.

Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised as they arise in financial income and expenses in the income statement.

Segment information
The Group has adopted IFRS 8 which is required for all annual reports and interim financial statements starting 1 January 2009 or later. Implementation of IFRS 8 has not resulted to changes in Vestas' policy in measuring/valuing the amounts included in segment reporting. However, the composition of the reportable segment in 2009 compared to 2008 has changed and there are additional narrative disclosures. The measure of profit or loss, revenues and expenses included in segmental reporting are the same as those used in the consolidated accounts and remain unchanged from 2008.

The reportable segments identified make up most of the Group's external revenue, which is solely derived from the sale of wind turbine generators and associated service activity. The reportable segments are an aggregation of operating segments within the Vestas Group as prescribed by IFRS 8. The reportable segments are determined based on the Group's management structures and the consequent reporting to the Chief Operating Decision Maker, the Executive Management. Thus, they are determined based on both geographical segments and business units (production and sales business units) of the Group. The remaining operating segments not included in the identified reportable segments are included under all other operating segments.

The production business units are classified as one reportable segment because the revenues generated by these units are driven by the Group's transfer pricing policy and are consistent across the Group. Secondly, Vestas only sells one product - wind turbines - and revenue is recognised largely based on the delivery of a complete wind turbine not on the basis of the independent sale of the three main products (blades, nacelle and tower) that make up the wind turbine.

Income and expenses included in profit for the year are allocated to the extent that they can be directly or indirectly attributed to the segments on a reliable basis. Expenses allocated as either directly or indirectly attributable comprise: cost of sales, research and development costs, selling and distribution expenses and administrative expenses.

The income and expenses allocated as indirectly attributable to the segments are allocated by means of sharing keys determined on the basis of the utilisation of key resources in the segment.

Non-current segment assets comprise the non-current assets used directly for segment operations, including intangible assets, property, plant and equipment and investments in associates.

Current segment assets comprise the current assets used directly for segment operations, including inventories, trade receivables, other receivables and prepayments.

All other segments primarily comprise income and expenses relating to the Group's administrative functions.

Inter-company balances primarily comprise arms' length transactions between operating segments making up the reportable segments. These balances are eliminated to arrive at the figures in the consolidated accounts.

Share-based payments

The value of the services received in exchange for the granting of options is measured at the fair value of the options.

Equity settled share options granted to employees are measured at fair value at the time of granting and are recognised in staff expenses in the income statement over the vesting period. The counter item is recognised directly in equity.

On initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, the estimate of the number of vested options is revised so that the total recognised is based on the actual number of options vested.

The fair value of the options granted is estimated using an option pricing model (Black-Scholes). In determining fair value, terms and conditions relating to the share options granted are taken into account.

Government grants

Government grants comprise grants for investments, research and development projects, etc. Grants are recognised when there is reasonable certainty that they will be received.

Grants for investments and capitalised development projects are set off against the cost of the assets to which the grants relate. Other grants are recognised in development costs in the income statement so as to offset the expenses for which they compensate.

Income statement

Revenue

Revenue comprises sale of wind turbines and wind power systems, after-sales service and sale of spare parts.

Contracts to deliver large wind power systems with a high degree of customisation are recognised in revenue as the systems are constructed based on the stage of completion of the individual contract (turnkey and supply-and-installation projects). Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. Sale of individual wind turbines and small wind power systems based on standard solutions (supply-only projects) as well as spare parts sales are recognised in the income statement provided that the risk has been transferred to the buyer prior to the year end, and provided that the income can be measured reliably and is expected to be received.

Service sales, comprising service and maintenance agreements as well as extended warranties regarding wind turbines and wind power systems sold, are recognised in the income statement over the term of the agreement as the agreed services are provided.

Cost of sales

Cost of sales, including warranty costs, comprise the expenses incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect expenses such as salaries, rental and lease expenses as well as depreciation of production facilities.

Furthermore, provisions for losses on construction contracts are included in cost of sales.

Research and development costs

Research and development costs comprise development costs that do not qualify for capitalisation, as well as amortisation of and impairment losses on capitalised development costs.

Selling and distribution expenses

Selling and distribution expenses comprise expenses incurred for the sale and distribution of products sold during the year as well as for sales campaigns, etc. carried out during the year. Also included are, expenses relating to sales staff, advertising and exhibitions and depreciation are recognised.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Income from investments in associates

The proportionate share of the results of associates after minority interests and tax and after elimination of the proportionate share of intercompany profits/losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest, exchange gains and losses and impairment losses on securities, debt and foreign currency transactions, amortisation of financial assets and liabilities, including finance lease obligations, as well as extra payments and repayments under the on-account taxation scheme.

Borrowing costs related to construction of qualifying assets are recognised as part of the assets' cost price.

Corporation tax

Tax for the year consists of current tax and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

To the extent that the Vestas Group achieves any tax allowance in the calculation of the taxable income in Denmark or abroad as a result of share-based payment schemes, the tax effect of the schemes is recognised in current tax for the year. However, where the total tax allowance exceeds the total cost of the scheme for accounting purposes, the tax effect of the excess allowance is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units. Identification of cash-generating units is based on management structure and internal financial management. Management assesses that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are the Group's geographical segments, Europe, Americas and Asia/Pacific.

The carrying amount of goodwill is tested at least annually for impairment, together with the other non-current assets of the cash-generating unit to which goodwill has been allocated, and if the recoverable amount is lower than the carrying amount, goodwill is written down to its lower recoverable amount in the income statement.

The recoverable amount is usually calculated as the net present value of expected future net cash flows from the enterprise or the activity (cash-generating unit) to which the goodwill has been allocated. Alternatively, the recoverable amount is calculated as fair value less costs to sell. Impairment losses on goodwill are recognised in a separate line in the income statement.

Development projects and software

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a poten-

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>> tial future market or application in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if cost can be measured reliably and sufficient certainty exists that future earnings or the net selling price can cover cost of sales, selling and distribution and administrative expenses as well as research and development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Development costs comprise salaries, amortisation and other expenses attributable to the Group's development activities.

Following completion of the development work, development projects are amortised on a straight-line basis over the estimated useful life. The amortisation period is three to five years. The basis of amortisation is calculated net of any impairment losses.

The carrying amount of development projects in progress is tested for impairment at least annually and where the carrying amount exceeds the net present value of the future net cash flows expected to be generated by the development project, the project is written down to its recoverable amount in the income statement.

Patents and licences included in development projects are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised over the patent period or term of agreement, the life of the development project or the estimated useful life, whichever is shorter. The basis of amortisation is calculated net of any impairment losses.

Software is measured at cost less accumulated amortisation and impairment losses. Cost includes both direct internal and external expenses. Software is amortised on a straight-line basis over five years. The basis of amortisation is calculated net of any impairment losses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognised as expenses in the financial year in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period, more than three months, of time to get ready for its intended use or sale.

Intangible assets with an indefinite useful life are, however, not amortised, but are tested annually for impairment.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for materials, components, sub-suppliers and labour. Estimated expenses for dismantling and disposing of the asset and for re-establishment are added to cost to the extent that they are recognised as a provision. Where individual components of an item of property, plant and equipment have different useful lives, the cost of the item is broken down into separate components which are depreciated separately.

The cost of assets held under finance leases is calculated at the lower of the fair value of the leased asset and the net present value of the future minimum lease payments computed by applying the interest rate implicit in the lease or an approximated value thereof as the discount rate.

Subsequent expenses, e.g. in connection with the replacement of components of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that the expenses incurred will result in future economic benefits to the Group. The carrying amount of the replaced components is derecognised in the balance sheet and recognised in the income statement. All other expenses incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognised as expenses in the financial year in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period, more than three months, of time to get ready for its intended use or sale.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings, including installations	25–40 years
Plant and machinery	3–10 years
Power-operated tools of own construction and newly manufactured test and exhibition turbines	3–5 years
Other fixtures and fittings, tools and equipment	3–5 years

Land is not depreciated.

The basis of depreciation is calculated taking into account the residual value of the asset less any impairment losses. The residual value is determined at the time of acquisition and is reassessed annually. Where the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

If the depreciation period or the residual value has changed, the effect on depreciation is recognised prospectively as a change of accounting estimate.

Depreciation is recognised in the income statement as cost of sales, research and development costs, selling and distribution expenses as well as administrative expenses to the extent that depreciation is not included in the cost of assets of own construction.

Leases

For accounting purposes, lease obligations are classified as either finance or operating lease obligations.

A lease is classified as a finance lease when it transfers substantially all risks and rewards of the leased asset as if the asset had been owned. Other leases are classified as operating leases.

Finance lease assets are capitalised under property, plant and equipment and are depreciated over their expected useful lives in accordance with the periods listed above. The corresponding finance lease obligations are recognised in liabilities. Operating lease expenses are recognised on a straight-line basis in the income statement over the lease term.

Impairment of assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition. Similarly, development projects in progress are tested annually for impairment.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated, and if the recoverable amount is lower than the carrying amount, goodwill is written down to its lower recoverable amount in the income statement. Impairment losses on goodwill are recognised in a separate line in the income statement.

Deferred tax assets relating to tax loss carry-forwards are reviewed on an annual basis and are only recognised when it is probable that they will be utilised in future periods.

The carrying amounts of other non-current assets are reviewed on an annual basis to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less estimated costs to sell and value in use. Value in use is calculated as the net present value of expected future net cash flows from the asset or the cash-generating unit to which the asset has been allocated.

Any impairment loss is recognised where the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement in cost of sales, research and development costs, selling and distribution expenses and administrative expenses, respectively. Impairment losses on goodwill are presented in a separate line in the income statement.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation.

Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset after depreciation/amortisation had the asset not been impaired.

Investments in associates

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the associates calculated under the Group's accounting policies with deduction or addition of a proportionate share of unrealised intercompany profits and losses and with addition of the carrying amount of goodwill.

Associates with negative net asset values are measured at EUR 0. Any legal or constructive obligation of the Group to cover the negative balance of the associate is recognised in provisions.

Receivables from associates are measured at amortised cost. Provisions are made for bad debts.

Inventories

Inventories are measured at the lower of cost using the weighted average method and net realisable value (NRV).

The cost of goods for resale, duties, raw materials and consumables comprises direct costs and transportation expenses.

The cost of work in progress comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect production costs comprise the cost of materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process together with costs of factory administration and management.

The NRV of inventories is measured at sales price less costs of completion and selling costs incurred. NRV is determined taking into account marketability, obsolescence and development in the expected selling price.

Trade receivables

Trade receivables and other receivables are measured at amortised cost. Provisions are made for bad debts.

Prepayments recognised as assets comprise prepaid expenses concerning subsequent financial years and are measured at cost.

Construction contracts in progress

Construction contracts in progress comprises agreements to deliver large wind power systems with a high degree of customisation (turnkey and supply-and-installation projects).

Construction contracts in progress are measured at the selling price of the work performed based on the stage of completion less interim billing and expected losses. Construction contracts are characterised by the wind power systems delivered being customised to a high degree. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the income statement.

The value of self-constructed components is recognised in "Construction contracts in progress" upon delivery of the components to the specific wind power systems construction site.

Where it is probable that the total expenses of a construction contract in progress will exceed total revenues from the contract, the expected loss for construction contracts in progress is recognised immediately as an expense and an obligation.

Prepayments from customers are recognised as liabilities.

A construction contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Construction contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability.

Expenses relating to sales work and the securing of contracts are recognised in the income statement as incurred.

Investments

Shares and bonds included in the Group's trading portfolio are recognised under current assets at the trade date and are measured at fair value, in line with the Group's investment policies, corresponding to the market price for quoted securities. Changes in fair value are recognised in the income statement as financial income or financial expense.

Equity

Treasury shares

Purchase and sales sums as well as dividends relating to treasury shares are recognised directly in retained earnings in equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares.

Proceeds from the sale of treasury shares and the issuing of new shares in Vestas Wind Systems A/S relating to the exercise of share options or employee shares are recognised directly in equity.

Dividend

A proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting (declaration date). The dividend distribution proposed for the year is disclosed as a separate equity item.

Interim dividend is recognised as a liability at the time of resolution.

Translation reserve

The translation reserve in the consolidated accounts comprises exchange adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency of the Group (EUR).

Upon full or part realisation of the net investment, exchange adjustments are recognised in the income statement.

Cash flow hedging reserve

The cash flow hedging reserve in the consolidated accounts comprises gains and losses on fair value adjustments of forward exchange contracts concerning future transactions as well as hedging in connection with commodities.

The cash flow hedging reserve also includes fair value adjustments of interest rate swaps, outstanding at the balance sheet date, entered into to hedge against the interest rate risks on loans with floating interest rates.

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>> Corporation tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is, however, not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes, office premises and other items – apart from business acquisitions – where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in other non-current assets at the value at which the asset is expected to be realised, either by elimination of tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment are made to deferred tax to take account of the elimination of unrealised intercompany profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates of the respective countries that will be effective when the deferred tax is expected to crystallise as current tax based on the legislation at the balance sheet date. Changes to deferred tax due to changes to tax rates are recognised in the income statement except for items recognised directly in equity.

Provisions

Provisions are recognised when - in consequence of an event that has occurred before or on the balance sheet date – the company has a legal or constructive obligation and it is probable that there will be an outflow of the Group's financial resources to settle the obligation.

Provisions are measured at Management's best estimate of the expenses required to settle the obligation. Discounting is applied where relevant.

Warranty provisions are recognised systematically and comprise warranty obligations made in respect of delivered wind turbines and wind power systems based on experience. At the start of the warranty period, calculated provisions are made for each type of wind turbine and are reduced over the warranty period as warranty costs are incurred. Subsequently, periodic reviews are performed based on an overall assessment of the need for provisions.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced to those affected by no later than the balance sheet date. On acquisition of enterprises, restructuring provisions in the acquired enterprise are recognised in goodwill only where a restructuring obligation relating to the acquired enterprise exists at the time of acquisition.

A provision for loss-making contracts is made where the expected benefits to the Group from the contract are lower than the unavoidable costs of meeting obligations under the contract (loss-making contracts). Expected losses on construction contracts in progress are, however, recognised in construction contracts in progress.

Pension obligations

Obligations relating to defined contribution plans where the Group continuously makes fixed pension contributions to independent pension funds are recognised in the income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet in other payables.

For defined benefit plans, an annual actuarial calculation is made of the net present value of the future benefits under the defined benefit plan. Net present value is calculated based on assumptions of the future development in e.g. salary level, interest rates, inflation and mortality. The net present value is calculated only for benefits earned by employees from their employment to date with the Group. The actuarially calculated net present value less the fair value of any plan assets is recognised in the balance sheet in pension obligations in accordance with the corridor method.

In the income statement, the pension expense for the year is recognised based on the actuarial estimates and financial expectations at the beginning of the year. Furthermore, a share of the accumulated actuarial gains or losses at the beginning of the financial year is recognised if it exceeds the higher of 10 per cent of the pension obligations and 10 per cent of the fair value of the pension assets. The amount is recognised in the income statement over the employees' estimated average remaining period of employment with the Group. The non-recognised part of actuarial gains/losses is disclosed in the notes. Upon the change to IFRS, accumulated actuarial gains and losses were fully recognised in the opening balance sheet at 1 January 2005.

In the event of changes in benefits payable for employees' past services to the Group, a change is made to the actuarially calculated net present value, which is classified as past service cost. Past service cost is charged to the income statement immediately if the employees have already earned the right to the changed benefit. Otherwise, past service cost is recognised in the income statement over the period in which the employees earn the right to the changed benefit.

Where a pension plan constitutes a net asset, the asset is recognised only to the extent that it offsets non-recognised actuarial losses, future repayments from the plan, or if it will lead to a reduction in future contributions under the plan.

Other long-term staff benefits are similarly recognised by using an actuarial calculation, but without applying the corridor method. Accordingly, all actuarial gains and losses are recognised immediately in the income statement. Other long-term staff obligations include anniversary bonuses.

Financial debts

Loans from credit institutions, etc. are recognised initially at the fair value of the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in financial expenses in the income statement over the loan period.

Financial debts also include the capitalised remaining lease obligations on finance leases measured at amortised cost.

Prepayments from customers

Prepayments from customers recognised in liabilities are measured at cost and comprise prepayments received for wind turbines or wind power systems ordered but not yet delivered and service prepayments received in respect of wind turbines and wind power systems delivered.

Other debt

Other debts are measured at amortised cost.

Deferred income is measured at cost and comprises payments received in respect of income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year, broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows relating to acquired enterprises are recognised from the date of acquisition. Cash flows relating to enterprises disposed of are recognised until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items such as depreciation, amortisation and impairment losses, provisions and changes in working capital, interest received and paid and corporation tax paid. Working capital comprises current assets less short-term debt, which does not include current bank loans.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from business acquisitions and sales and from acquisitions and disposals of intangible assets, property, plant and equipment as well as other non-current assets. The cash flow effect of business acquisitions and sales is shown separately.

The establishment of finance leases are treated as non-cash transactions.

Cash flows from financing activities

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital and related expenses as well as the raising of loans, repayment of interest-bearing debt, acquisition of shares for treasury and sale of treasury shares together with distribution of dividends to shareholders.

Cash flows from finance lease assets are recognised as interest payments and repayments of debts.

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank and in hand and current bank debt.

Assets and short term debts that are included as cash at hand and in bank in the cash flow statement are those included in the Group's cash management.

GLOSSARY

Financial ratios

EBIT margin: Profit/loss before income from associates, financial income and expenses and tax as a percentage of revenue.

EBITDA margin: Profit/loss before financial income and expenses, depreciation and amortisation, income from associates, financial income and expenses and tax as a percentage of revenue.

Gearing (%): Interest-bearing liabilities at year end divided by equity at year-end.

Gross margin (%): Gross profit/loss as a percentage of revenue.

Return on equity (%): Profit/loss after tax for the year divided by average equity.

Return on invested capital (ROIC) (%): Operating profit/loss after tax (effective tax rate) as a percentage of average property, plant and equipment and intangible assets, inventories and receivables less non-interest bearing debt including provisions.

Solvency ratio (%): Equity at year end divided by total assets.

Share ratios

Book value per share: Equity at year end divided by the number of shares at year-end.

Cash flow from operating activities per share: Cash flows from operating activities divided by average number of shares.

Dividend per share: Dividend percentage multiplied by the nominal value of the share.

Earnings per share (EPS): Profit/loss for the year divided by the average number of shares in circulation.

Payout ratio: Total dividend distribution divided by profit/loss for the year.

P/E ratio: The official closing price on the NASDAQ OMX Copenhagen divided by earnings per share for the year.

Price/book value: The official closing price on the NASDAQ OMX Copenhagen divided by year-end book value per share.

Terminology used in accounting policies

IFRS: International Financial Reporting Standards

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IFRIC/SIC: International Financial Reporting Interpretations Committee/Standing Interpretations Committee

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

When preparing the annual report of the Vestas Group, Management makes a number of accounting estimates and assumptions which form the basis of recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements are described below. The Group's accounting policies are described in detail in note 1 to the consolidated accounts.

Critical judgements

Use of percentage-of-completion method

Management performs critical accounting estimates in connection with income-recognition. Provided that certain criteria in respect of project complexity, etc. are met, revenue from projects in progress is recognised under the percentage-of-completion method corresponding to the selling price of the work performed based on the stage of completion (turnkey and supply-and-installation projects). Where projects do not qualify for recognition under the percentage-of-completion method, total revenue is not recognised until the point in time when the risk is transferred to the buyer (supply-only projects).

Delays, etc. may result in material timing deviations in the Group's revenue recognition, and thus earnings, compared to expectations.

Critical estimates

The calculation of the carrying amounts of certain assets and liabilities requires judgements, estimates and assumptions relating to future events.

The estimates and assumptions made are based on experience and other factors that Management considers reasonable in the circumstances, but that are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances, may arise. Furthermore, the company is subject to risks and uncertainties which may result in actual amounts deviating from these estimates. Special risks of the Vestas Group have been described on page 21 of the Management report, and in the individual notes to the consolidated accounts.

It may be necessary to change estimates made previously due to changes in the assumptions on which the previous estimates were based or due to new knowledge or subsequent events.

Warranty provisions

The product warranties, which in the great majority of cases cover component defects, functional errors and any financial losses suffered by the customer in connection with unplanned suspension of operations, are usually granted for a two-year period from delivery of the turbine. In certain cases, a warranty of up to five years is granted. For the customer, the specific warranty period and the specific warranty terms are part of the basis of the individual contract.

Warranty provisions include only standard warranty, whereas services purchased in addition to the standard warranty are included in prepayments from customers.

In addition to the above, provisions are made for upgrades of turbines sold due to type faults, etc. where Vestas has a warranty obligation at the date of provision. Such provisions will also include turbines sold in prior years, but where type faults, etc. are identified later. Moreover, it should be emphasised that the complexity of some of the type faults, etc. identified may lead to adjustments of previous estimates, upwards as well as downwards, in the light of factual information about population size, costs of repair and the timing of such repair.

It is estimated that 30–35 per cent of the warranty provisions made for the year relate to adjustments of estimates in previous years of provisions for serial faults, etc. Included in this, is the cost of upgrades of turbines sold in previous year, commercial settlements and proactive upgrading as well as new information about the serial faults in question.

Total warranty provisions of EUR 233m have been made in 2009, corresponding to 3.5 per cent of the Group's annual revenue.

For further information on warranty provisions and related product risks, reference is made to page 27 of the Management report and to note 22 to the consolidated accounts.

Management assesses the likely outcome of pending and future negotiations with sub-suppliers for compensation. Compensation from sub-suppliers may be recognised only when a written agreement with the sub-supplier has been made.

The carrying amount of warranty provisions at 31 December 2009 is EUR 161m (2008: EUR 183m).

Impairment of assets

Goodwill

In the annual impairment test of goodwill, an estimate is made to determine how parts of the enterprise (cash-generating units) related to the goodwill will be able to generate sufficient future positive net cash flows to support the value of goodwill, trademarks with an indefinite useful life and other net assets of the enterprise in question.

The estimate of the future free net cash flows is based on budgets and business plans for the coming five years and on projections for subsequent years. Key parameters are revenue development, profit margin, proposed capital expenditure as well as growth expectations for the following years. Budgets and business plans for the coming five years are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognised in estimated future free cash flows. Projections for years following the next five-year period are based on general expectations and risks.

The discount rates used to calculate the recoverable amount are before tax and reflect the risk-free interest rate of the individual geographical segments and related risk. The proportion of equity in relation to the Group's future capital structure is expected to continue to be high.

For a description of the impairment test of intangible assets, refer to note 12 to the consolidated accounts.

The carrying value of goodwill at 31 December 2009 is EUR 320m (2008: EUR 320m).

Development projects

Finished development projects are reviewed on an annual basis to determine whether there is any indication of impairment. If this is indicated, an impairment test is carried out for the individual development projects. For development projects in progress, however, an annual impairment test is always performed. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of the estimated future earnings as well as interest rate and risks.

The carrying value of development projects in progress and finished development projects at 31 December 2009 are EUR 419m (2008: EUR 262m).

Receivables

Receivables are measured at amortised cost less provisions for bad debts based on customers' inability to pay. If the ability to pay changes in future, further provisions may be required. Management makes analyses based on customers' expected ability to pay, historical data on payment patterns, doubtful debts, customer concentrations, customers' credit standing and security received as well as economic trends in the company's sales channels.

It is estimated that the provisions made are sufficient to meet bad debts. The financial uncertainty related to provisions for bad debts is considered limited.

The carrying value of receivables at 31 December 2009 is EUR 1,807m (2008: EUR 1,626m).

Deferred tax

The Vestas Group recognises deferred tax assets, including the tax value of tax loss carry-forwards, where Management assesses that the tax assets may be utilised in the foreseeable future for set-off against future positive taxable income. The assessment is made on an annual basis and is based on budgets and business plans for the future years, including planned business initiatives.

The value of recognised deferred tax assets amounts to EUR 110m (2008: EUR 63m), of which EUR 18m (2008: EUR 14m) relates to tax loss carry-forwards. Of the total tax carry-forwards, EUR 14m is expected to be realised within 12 months, and EUR 4m is expected to be realised later than 12 months after the balance sheet date. The value of non-recognised tax assets (primarily tax loss carry-forwards) totals EUR 26m (2008: EUR 37m), which is not expected to be utilised in the foreseeable future.

For further description of the Group's tax assets, refer to note 15 to the consolidated accounts.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

3 SEGMENT INFORMATION

2009	Europe sales units	Americas sales units	Asia/Pacific sales units	Production units	Total reportable segments
External revenue					
Wind turbines and wind power systems	4,217	1,256	653	0	6,126
Service	324	116	64	0	504
Other	0	0	0	6	6
Total external revenue	**4,541**	**1,372**	**717**	**6**	**6,636**
Internal revenue	655	142	67	5,249	6,113
Total segment revenue	**5,196**	**1,514**	**784**	**5,255**	**12,749**
Other operating income	0	0	0	0	0
Reportable segments' operating results (EBIT)	**247**	**67**	**(41)**	**269**	**542**
Financial items (net)	**(63)**	**(27)**	**(5)**	**(62)**	**(157)**
Other segment items					
Depreciation and amortisation	20	12	6	94	132
Impairment losses (recognised in the income statement)	0	0	0	1	1
Impairment losses (recognised in equity)	0	0	0	0	0
Reversal of impairment losses (recognised in the income statement)	0	0	0	0	0
Reversal of impairment losses (recognised in equity)	0	0	0	0	0
Warranty provisions for the year	5	0	1	0	6
Share-based payments	3	0	0	0	3
Additions to property, plant and equipment and intangible assets	48	11	25	441	525
Additions to investments in associates	0	0	0	0	0
Investments in associates	1	0	0	0	1
Non current assets (excluding deferred tax, pensions, etc.)	122	20	64	1,077	1,283
Segment assets	1,986	512	609	2,046	5,153
External revenue specified by countries:					
USA	-	909	-	-	-
Germany	1,080	-	-	-	-
Spain	873	-	-	-	-
China	-	-	424	-	-

External revenue in Denmark	124
External revenue outside Denmark	6,512

	USA	China	Others	Total
Non-current assets located in Denmark (excluding deferred tax, pensions, etc.)	-	-	-	1,349
Non-current assets located outside Denmark (excluding deferred tax, pensions, etc.)	231	265	429	925

External revenue specified by country comprises all countries with external revenue that account for more than 10 per cent of the Group's total external revenue. The given amounts comprise total revenue generated from the countries specified.

No single customer accounts for more than 10 per cent of the Group's total external revenue. None of the Group's assets are classified as held-for-sale. None of the write-downs made on a single asset is material in itself. The non-current assets in all other countries do not individually exceed 10 per cent of total non-current assets for the Group except for the USA and China.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

3 SEGMENT INFORMATION (CONTINUED)

2008	Europe sales units	Americas sales units	Asia/Pacific sales units	Production units	Total reportable segments
External revenue					
Wind turbines and wind power systems	3,292	1,515	817	0	5,624
Service	284	67	45	0	396
Other	0	0	0	15	15
Total external revenue	**3,576**	**1,582**	**862**	**15**	**6,035**
Internal revenue	512	107	36	4,375	5,030
Total segment revenue	**4,088**	**1,689**	**898**	**4,390**	**11,065**
Other operating income	0	0	0	0	0
Reportable segments' operating results (EBIT)	**142**	**66**	**(13)**	**257**	**452**
Financial items (net)	**2**	**2**	**(4)**	**(35)**	**(35)**
Other segment items					
Depreciation and amortisation	20	10	4	56	90
Impairment losses (recognised in the income statement)	0	0	0	0	0
Impairment losses (recognised in equity)	0	0	0	0	0
Reversal of impairment losses (recognised in the income statement)	0	0	0	0	0
Reversal of impairment losses (recognised in equity)	0	0	0	0	0
Warranty provisions for the year	3	0	6	0	9
Share-based payments	3	0	0	0	3
Additions to property, plant and equipment and intangible assets	20	11	33	350	414
Additions to investments in associates	0	0	0	0	0
Investments in associates	1	0	0	0	1
Non current assets (excluding deferred tax, pensions, etc.)	101	20	48	750	919
Segment assets	1,614	622	474	1,767	4,477
External revenue specified by countries:					
USA	-	1,289	-	-	-
Germany	890	-	-	-	-
Spain	743	-	-	-	-
China	-	-	424	-	-

External revenue in Denmark	124
External revenue outside Denmark	5,911

	USA	China	Others	Total
Non-current assets located in Denmark (excluding deferred tax, pensions, etc.)	-	-	-	974
Non-current assets located outside Denmark (excluding deferred tax, pensions, etc.)	123	121	457	701

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

3 SEGMENT INFORMATION (CONTINUED)

Reconciliations	2009	2008
Reportable segments' EBIT	542	452
All other operating segments' EBIT *)	314	216
Consolidated operating profit (EBIT)	**856**	**668**
Reportable segments' revenue	12,749	11,065
All other segments' revenue	1,114	742
Elimination of internal revenue	(7,227)	(5,772)
Consolidated revenue	**6,636**	**6,035**
Reportable segments' assets	5,153	4,477
All other segments' assets	2,385	2,120
Elimination	(1,103)	(1,289)
Consolidated total assets	**6,435**	**5,308**

*) Includes parent company income (management fee, service, royalty and other rental income from group companies) reduced buy costs related to Vestas Technology R&D and group staff functions.

4 REVENUE

	2009	2008
Sale of wind turbines and wind power systems	6,126	5,624
Sale of service	504	396
Other	6	15
	6,636	**6,035**
Sale of wind turbines and wind power systems are specified as follows:		
Revenue using percentage-of-completion method (turnkey and supply-and-installation projects)	4,582	3,620
Revenue using completed contract method (supply-only projects)	1,544	2,004
	6,126	**5,624**

5 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	2009	2008
Amortisation, depreciation and impairment losses of non-current assets are specified as follows:		
Amortisation, intangible assets	60	32
Impairment losses, intangible assets	0	0
Depreciation, property, plant and equipment	151	103
Impairment losses, property, plant and equipment	1	0
Gains and losses on sold property, plant and equipment	6	0
	218	**135**
– and have been expensed as follows:		
Cost of sales	122	89
Research and development costs	52	29
Selling and distribution expenses	25	1
Administrative expenses	19	16
	218	**135**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

6 STAFF COSTS

	2009	2008
Staff costs are specified as follows:		
Wages and salaries, etc.	852	805
Share-based payment	2	3
Pension schemes	41	42
Other social security expenses	72	62
	967	**912**
Attributable to:		
Board of Directors		
Board remuneration	1	1
	1	**1**
Executive Management		
Wages and salaries, etc.	2	2
Share-based payment	1	1
	3	**3**
Other executives (Vestas Government)		
Wages and salaries, etc.	5	5
Share-based payment	1	2
Pension schemes	0	0
	6	**7**
Board of Directors and Executive Management are not covered by any pension schemes.		
Average number of employees	20,832	17,924
Number of employees 31 December	20,730	20,829

7 RESEARCH AND DEVELOPMENT COSTS

	2009	2008
Research and development costs expensed in the year are specified as follows:		
Research and development costs	249	227
Capitalised development projects	(199)	(132)
Amortisation of development projects	42	24
Impairment losses of development projects	0	0
	92	**119**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

8 FINANCIAL INCOME

	2009	2008
Exchange rate adjustments	0	33
Investments (bonds)	0	1
Deposits and receivables:		
– Interest income	6	28
– Other financial income	2	4
Hedge ineffectiveness (cash flow hedge)	6	0
Hedge ineffectiveness (fair value hedge)	0	0
	14	**66**

9 FINANCIAL EXPENSES

	2009	2008
Exchange rate adjustments	29	0
Financial debts, which is measured at amortised cost:		
– Interest expenses	14	9
– Other financial expenses	17	0
Hedge ineffectiveness (cash flow hedge)	0	10
Hedge ineffectiveness (fair value hedge)	0	0
Change in discounting of provisions	2	1
	62	**20**

10 CORPORATION TAX

	2009	2008
Current tax on profit for the year	154	99
Deferred tax on profit for the year	62	105
Tax on profit for the year	216	204
Change in corporation tax rate	0	0
Adjustments relating to previous years (net)	14	(1)
Corporation tax in the consolidated income statement	**230**	**203**
Tax on entries in comprehensive income related to deferred tax	8	(10)
Tax on entries in comprehensive income	**8**	**(10)**
Total corporation tax for the year	**238**	**193**
Computation of effective tax rate:		
Corporation tax rate in Denmark	25%	25%
Adjustment relating to previous years	2%	0%
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate (net)	1%	3%
Non-tax deductible expenses	0%	0%
Non-taxable income	0%	0%
Provisions for tax loss carry-forwards	0%	0%
Change in corporation tax rate	0%	0%
Effective tax rate	**28%**	**28%**

Vestas Wind Systems A/S is jointly taxed with all its Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed enterprises in proportion to their taxable incomes. Enterprises that utilise tax losses of other enterprises pay a joint tax contribution to the parent company corresponding to the tax value of the utilised tax losses, whereas enterprises whose tax losses are utilised by other enterprises receive a joint tax contribution from the parent company corresponding to the tax value of the utilised losses (full allocation). The jointly taxed enterprises have adopted the on-account taxation scheme.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

11 EARNINGS PER SHARE (EPS)

	2009	2008
Profit for the year	**579**	**511**
Weighted average number of ordinary shares	197,723,281	185,204,103
Weighted average number of treasury shares	(757,641)	(736,393)
Weighted average number of ordinary shares outstanding	196,965,640	184,467,710
Dilutive effect of outstanding options	0	626,385
Average number of shares outstanding including dilutive effect of options	**196,965,640**	**185,094,095**
Earnings per share (EPS)	2.94	2.77
Earnings per share (EPS-D), diluted	2.94	2.76

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

12 INTANGIBLE ASSETS

2009	Goodwill	Completed development projects	Software	Development projects in progress	Total
Cost at 1 January	320	126	75	202	723
Exchange rate adjustments	0	0	0	0	0
Additions	0	0	28	199	227
Disposals	0	0	0	0	0
Transfers	0	81	0	(81)	0
Cost at 31 December	**320**	**207**	**103**	**320**	**950**
Amortisation and impairment losses at 1 January	0	66	13	0	79
Exchange rate adjustments	0	0	(1)	0	(1)
Amortisation for the year	0	42	18	0	60
Impairment losses for the year	0	0	0	0	0
Reversal of amortisation of disposals in the year	0	0	0	0	0
Transfers	0	0	0	0	0
Amortisation and impairment losses at 31 December	**0**	**108**	**30**	**0**	**138**
Carrying amount at 31 December	**320**	**99**	**73**	**320**	**812**
Internally generated assets included above	0	99	71	320	490
Amortisation period		3–5 years	5 years		

2008	Goodwill	Completed development projects	Software	Development projects in progress	Total
Cost at 1 January	320	203	40	105	668
Exchange rate adjustments	0	0	(1)	0	(1)
Additions	0	1	36	132	169
Disposals	0	(113)	0	0	(113)
Transfers	0	35	0	(35)	0
Cost at 31 December	**320**	**126**	**75**	**202**	**723**
Amortisation and impairment losses at 1 January	0	155	6	0	161
Exchange rate adjustments	0	0	(1)	0	(1)
Amortisation for the year	0	24	8	0	32
Impairment losses for the year	0	0	0	0	0
Reversal of amortisation of disposals in the year	0	(113)	0	0	(113)
Transfers	0	0	0	0	0
Amortisation and impairment losses at 31 December	**0**	**66**	**13**	**0**	**79**
Carrying amount at 31 December	**320**	**60**	**62**	**202**	**644**
Internally generated assets included above	0	60	61	202	323
Amortisation period		3–5 years	5 years		

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

12 INTANGIBLE ASSETS (CONTINUED)

Goodwill
At 31 December 2009, management completed impairment testing of the carrying amount of goodwill. The impairment testing was done in fourth quarter based on the budgets and business plans approved by the Board of Directors and the Executive Management as well as other assumptions adjusted, as required, to comply with IAS 36.

The main part of the carrying amount of goodwill in the Vestas Group arose in connection with the merger between Vestas Wind Systems A/S and NEG Micon A/S in 2004 when Vestas acquired NEG Micon A/S.

For the purpose of the impairment test, the carrying amount of goodwill at 1 January 2004 plus goodwill from subsequent acquisitions have been allocated to the cash flow generating units: Europe, Americas and Asia/Pacific. At 31 December 2009, goodwill of the three units amounted to EUR 229m, EUR 84m and EUR 7m, respectively.

When performing impairment tests of cash-generating units, the recoverable amount (value in use) calculated as the discounted value of expected future cash flows is compared to the carrying amount of each of the cash-generating units.

Expected future cash flows are based on budgets and business plans for the next five years.

For all segments, the key parameters are revenue, EBIT, working capital investments, capital investments in progress and contracted as well as growth assumptions.

The revenue growth rate from 2008 to 2009 was 10 per cent, and in the period 2005–2008 the average growth amounted to 27 per cent per year.

The growth rate used in the impairment model for the years after 2011 is 2.5 per cent, which, to be prudent, is significantly lower than the expected growth rate included in No. 1 in Modern Energy's Triple15 targets.

At 31 December 2009, the net working capital as a percentage of revenue amounted to 19 per cent. In the period 2005–2008 the net working capital as a percentage of revenue moved from 14 to 5 per cent. It is Vestas' expectation that the net working capital going forward will not exceed 20 per cent of revenue, which has been included in the impairment test.

Budgets and business plans for the next five years are based on Vestas' investments in progress and contracted investments, and the risks relating to the key parameters have been assessed and recognised in the expected future cash flows. The first five years are based on the strategy No. 1 in Modern Energy and Triple15 approved by management. Projections for year six onwards are based on general market expectations and risks.

The terminal value after the five years is determined taking into account general growth expectations for the segments in question.

The discount rates used to calculate the recoverable amount are before tax and reflect the risk-free interest rate of the individual geographical segments and related risk. The proportion of equity in relation to the Group's future capital structure is expected to continue to be high.

	Discount rates before tax (%)		Growth in terminal period (%)	
	2009	2008	2009	2008
Europe	13.6	16.1	3.0	2.5
Americas	13.6	16.9	3.0	2.5
Asia/Pacific	12.7	17.8	3.0	2.5

It is management's assessment that probable changes to the fundamental assumptions will not result in the carrying amount of goodwill exceeding the recoverable amount in any of the segments.

Development projects
Recognised completed development projects and development projects in progress comprise development and testing of new wind turbines. The new wind turbines are expected to result in competitive advantages and thus a strengthening of the Group's market position.

The values of the development projects recognised have been compared to expected sales of the individual turbine types. This has not given rise to any value adjustment of the recognised value of development projects in 2009.

Software
Software comprises expenses for acquiring software licences and own development. The value of the recognised software has been compared to the expected value in use. No indicators of impairment have been identified.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

13 PROPERTY, PLANT AND EQUIPMENT

2009	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January	514	324	303	271	1,412
Exchange rate adjustments	1	4	2	(4)	3
Additions	81	77	119	329	606
Disposals	(2)	(24)	(32)	(1)	(59)
Transfers	174	40	27	(241)	0
Cost at 31 December	**768**	**421**	**419**	**354**	**1,962**
Depreciation and impairment losses at 1 January	81	165	136	0	382
Exchange rate adjustments	1	2	0	0	3
Depreciation for the year	26	41	84	0	151
Impairment losses for the year	0	1	0	0	1
Reversal of depreciation of disposals in the year	(1)	(17)	(18)	0	(36)
Transfers	0	(1)	1	0	0
Depreciation and impairment losses at 31 December	**107**	**191**	**203**	**0**	**501**
Carrying amount at 31 December	**661**	**230**	**216**	**354**	**1,461**
Assets held under finance leases included above	1	0	1	0	2
Depreciation period	25–40 years	3–10 years	3–5 years		

2008	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January	330	306	193	118	947
Exchange rate adjustments	(4)	(11)	(4)	2	(17)
Additions	82	52	110	265	509
Disposals	(2)	(17)	(7)	(1)	(27)
Transfers	108	(6)	11	(113)	0
Cost at 31 December	**514**	**324**	**303**	**271**	**1,412**
Depreciation and impairment losses at 1 January	69	163	77	0	309
Exchange rate adjustments	(2)	(8)	(3)	0	(13)
Depreciation for the year	16	29	58	0	103
Impairment losses for the year	0	0	0	0	0
Reversal of depreciation of disposals in the year	(2)	(13)	(2)	0	(17)
Transfers	0	(6)	6	0	0
Depreciation and impairment losses at 31 December	**81**	**165**	**136**	**0**	**382**
Carrying amount at 31 December	**433**	**159**	**167**	**271**	**1,030**
Assets held under finance leases included above	0	1	4	0	5
Depreciation period	25–40 years	3–10 years	3–5 years		

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

14 INVESTMENTS IN ASSOCIATES

	2009	2008
Cost at 1 January	2	2
Exchange rate adjustments	0	0
Additions	0	0
Disposals	0	0
Disposals, disposals of companies	0	0
Cost at 31 December	**2**	**2**
Value adjustments at 1 January	(1)	(1)
Exchange rate adjustments	0	0
Share of profit	1	0
Dividend	(1)	0
Disposals	0	0
Value adjustments at 31 December	**(1)**	**(1)**
Carrying amount at 31 December	**1**	**1**
Summary accounting information concerning associates owned at 31 December:		
Revenue	1	2
Profit for the year	0	0
Total assets	5	5
Total liabilities	2	2

15 DEFERRED TAX

	2009	2008
Deferred tax at 1 January (net)	54	151
Exchange rate adjustments	2	(6)
Deferred tax on profit for the year	(62)	(105)
Adjustment relating to previous years	3	4
Changes in corporation tax rate	0	0
Tax on entries in comprehensive income	(8)	10
Deferred tax at 31 December (net)	**(11)**	**54**
Tax base of tax loss carry-forwards (net)	18	14
Intangible assets	1	0
Property, plant and equipment	4	2
Current assets	42	12
Provisions	9	11
Other	36	24
Deferred tax assets	**110**	**63**
Intangible assets	87	34
Property, plant and equipment	(4)	(21)
Current assets	20	(26)
Provisions	(9)	(9)
Balance of tax losses for recapture in foreign subsidiaries under Danish joint taxation	24	26
Other	3	5
Provision for deferred tax	**121**	**9**
Deferred tax asset at 31 December (net)	**(11)**	**54**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

15 DEFERRED TAX (CONTINUED)

No provision is made for deferred tax regarding undistributed earnings in subsidiaries, as the Group controls the release of the obligation.

If the earnings were to be distributed, this would release a current tax charge of EUR 38m for 2009 (2008: EUR 20m).

Deferred tax assets are recognised for tax loss carry-forwards corresponding to earnings that are likely to be generated in the future. The assessment has been made considering the ability to utilise tax carry-forwards in previous years as well as future expectations. Of the total tax carry-forwards EUR 0m (2008: EUR 5m) are subject to expiry limits, however, these are all expected to be utilised within the set time limit. Deferred tax assets amounting to EUR 26m (2008: EUR 37m) have not been recognised in the balance sheet, as their utilisation is not assessed to be sufficiently certain, primarily because of Vestas' earnings expectations in some countries.

Of the total deferred tax relating to tax loss carry-forwards included in the deferred tax assets, an amount of EUR 0m (2008: EUR 0m) relates to Denmark. Of the tax-loss carry-forwards noted above EUR 0m (2008: EUR 0m) relates to Denmark. For further description of the utilisation of tax-loss carry-forwards, refer to note 2 to the consolidated accounts.

16 INVENTORIES

	2009	2008
Raw materials and consumables	797	809
Work in progress	220	332
Finished goods	625	453
Prepayments for goods	21	18
	1,663	**1,612**
Inventories used for the year, which are included in costs of sales	3,873	3,299
Write-downs of inventories in the year	86	21
Reversal of write-downs in the year	22	12

The reversal of write-downs in the year is due to goods sold at a higher value than the written down carrying amount.

17 TRADE RECEIVABLES

	2009	2008
Trade receivables	525	938
Fair value of security received for trade receivables balances outstanding as at 31 December	170	160
Write-downs included in trade receivables, developed as follows:		
Write-downs at 1 January	0	6
Write-downs in the year	(1)	0
Realised in the year	1	(6)
Reversals	0	0
Write-downs at 31 December	**0**	**0**
All trade receivables are expected to be received within 12 months.		
The age distribution of receivables is as follows:		
Not overdue	467	770
0–60 days overdue	33	136
61–120 days overdue	8	22
121–180 days overdue	3	9
More than 180 days overdue	14	1
	525	**938**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

17 TRADE RECEIVABLES (CONTINUED)

Of the total write-downs of trade debtors of EUR 1m (2008: less than EUR 1m), that is based on an individual assessment of each receivable, less than EUR 1m (2008: less than EUR 1m) relates to companies in bankruptcy, while the remaining amount relates to companies with suspension of payments.

Trade receivables are mainly owed by companies within the energy sector. The credit risk is dependent on the development within this sector. Vestas does not have a single significant trade debtor nor are the trade receivables concentrated in specific countries.

18 CONSTRUCTION CONTRACTS IN PROGRESS

	2009	2008
Sales value of construction contracts in progress	3,216	1,800
Progress billings	(2,782)	(2,701)
	434	**(901)**
– which are included as follows:		
Construction contracts in progress (assets)	1,032	482
Construction contracts in progress (liabilities)	(598)	(1,383)
	434	**(901)**
Retentions	20	18

All receivables relating to construction contracts in progress are expected to be received within 12 months.

19 OTHER RECEIVABLES

	2009	2008
Prepayments	18	33
Supplier claims	17	4
Other receivables	215	169
	250	**206**
– specified as follows:		
0–1 years	234	181
> 1 year	16	25
	250	**206**

Other receivables stated above principally comprise VAT and insurance receivables.

20 CORPORATION TAX

	2009	2008
Corporation tax 1 January	7	(38)
Exchange rate adjustments	(2)	(1)
Corporation tax for the year	(154)	(99)
Adjustments relating to previous years	(17)	(3)
Corporation tax paid in the year	114	148
Corporation tax at 31 December	**(52)**	**7**
Corporation tax (assets)	93	49
Corporation tax (liabilities)	(145)	(42)
	(52)	**7**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

21 SHARE CAPITAL

	2009	2008
The share capital comprises of 203,704,103 shares of DKK 1.00	203,704,103	185,204,103
Number of shares at 1 January	185,204,103	185,204,103
Capital increase	18,500,000	0
Number of shares at 31 December	**203,704,103**	**185,204,103**
Shares outstanding	202,945,740	184,467,710
Treasury shares	758,363	736,393
Number of shares at 31 December	**203,704,103**	**185,204,103**

The share capital was increased by 18,500,000 shares of DKK 1.00 in 2009 and by 10,292,930 shares of DKK 1.00 in 2006. Except for these increases, the share capital has been unchanged in the period 2005–2009.

All shares rank equally.

	2009	2008	2009	2008	2009	2008
	Number of shares	Number of shares	Nominal value (DKK)	Nominal value (DKK)	% of share capital	% of share capital
Treasury shares at 1 January	736,393	736,393	736,393	736,393	0.4	0.4
Purchases	21,970	0	21,970	0	0.0	0.0
Treasury shares at 31 December	**758,363**	**736,393**	**758,363**	**736,393**	**0.4**	**0.4**

The Board of Directors has been authorised at the Annual General Meeting to allow Vestas Wind Systems A/S to acquire treasury shares amounting to a total nominal value of 10 per cent of the company's share capital during the period up until the next Annual General Meeting on 17 March 2010.

Vestas Wind Systems A/S has acquired treasury shares in 2009, at a nominal value of DKK 22k at a share price of DKK 339.17 corresponding to an acquisition sum of EUR 1m and in 2007, at nominal values of DKK 569k and DKK 28k at share prices of DKK 378.54 and DKK 357.90 respectively, corresponding to an acquisition sum of EUR 30m.

Treasury shares are acquired with a view to using them for the Group's share option programmes.

The share capital has been fully paid.

No dividend has been paid out in 2009 and 2008 relating to the financial years 2008 and 2007.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

22 PROVISIONS

	2009	2008
Warranty provisions		
Warranty provisions at 1 January	183	232
Exchange rate adjustments	0	(2)
Warranty provisions for the year	233	240
Utilised warranty provisions during the year	(257)	(262)
Reversed warranty provisions during the year	0	(6)
Adjustment to previously recognised warranty provisions	0	(20)
Adjustments relating to the change in discounting of warranty provisions	2	1
Warranty provisions at 31 December	**161**	**183**
The warranty provisions are expected to be consumed as follows:		
0–1 year	111	128
>1 year	50	55
	161	183

The product warranties, which in the great majority of cases cover component defects, functional errors and any financial losses suffered by the customer in connection with unplanned suspension of operations, are usually granted for a two-year period from delivery of the wind turbine. In certain cases, a warranty of up to five years is granted. For the customer, the specific warranty period and the specific warranty terms are part of the basis of the individual contract.

Warranty provisions include only standard warranty, whereas services purchased in addition to the standard warranty are included in prepayments from customers. Reference is made to page 27 of the management report and note 2 to the consolidated accounts for further information on Vestas' warranty provisions.

In addition to the above, provisions are made for upgrades to wind turbines sold due to type faults, etc. where Vestas has a warranty obligation at the date of provision. Such provisions will also include wind turbines sold in prior years, but where type faults, etc. are identified later. Moreover, it should be emphasised that the complexity of some of the type faults, etc. identified may lead to adjustments, upwards as well as downwards, of previous estimates in light of factual information about population size, costs of repairs and the timing of such repairs.

It is estimated that 30–35 per cent of the warranty provisions made for the year relate to adjustments of previous years' estimates of provisions for serial faults, etc. Included in this is the cost for upgrades of wind turbines sold in previous years, commercial settlements and proactive upgrading as well as new information about the serial faults in question.

Product risks

Lack of reliability in several of Vestas' products has previously led to major warranty provisions, and in recent years, Vestas has invested significant resources in improving the products and increasing their reliability. This work comprises design, production, installation and continuous maintenance.

The goal of these initiatives is to reduce Vestas' warranty costs, to secure customer returns, to increase the competitiveness of the Group's products and to improve supplier earnings.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

22 PROVISIONS (CONTINUED)

	2009	2008
Other provisions		
Other provisions at 1 January	80	68
Exchange rate adjustments	1	2
Other provisions for the year	51	52
Utilised other provisions during the year	(60)	(42)
Adjustment to previously recognised other provisions	0	0
Other provisions at 31 December	**72**	**80**

Other provisions include compensation regarding agreements made to purchase wind turbine parts which are not expected to be fulfilled in accordance with the contractually agreed parameters and provisions for onerous service contracts. The provisions have been calculated based on management's best estimate and are expected to be settled in 2013 at the latest.

	2009	2008
Other provisions are expected to be payable as follows:		
0–1 year	40	50
>1 year	32	30
	72	**80**

	2009	2008
The provisions are expected to be payable as follows:		
0–1 year	151	178
>1 year	82	85
	233	**263**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

23 PENSION OBLIGATIONS

The Vestas Group's entities have different pension schemes and severance programmes which have been adapted to the labour market variables of the individual countries. Approx 99 per cent of the Group's pension expenses relate to defined contribution plans, which includes no further obligations to the company other than the contributions paid.

The other plans are defined benefit plans, the majority of which have related plan assets in independent pension funds. The defined benefit plans will typically secure the employees covered by a pension based on final-salary.

Under defined contribution plans, an employer commits to paying a certain contribution (e.g. a fixed amount or a fixed percentage of their salary). Under a defined contribution plan, the Group does not carry the risk relating to the future development in interest rate, inflation, mortality and disablement.

Under defined benefit plans, an employer commits to paying a certain benefit (e.g. a retirement benefit as a fixed amount or a fixed percentage of the employee's final salary). Under a defined benefit plan, the Group carries the risk relating to the future development in interest rate, inflation, mortality and disablement.

The pension obligation of Danish and some foreign entities are covered by insurance. Foreign entities whose obligations are not or are only partly covered by insurance (defined benefit plans) calculate their obligations, using actuaries, at net present value at the balance sheet date. These pension plans are fully or partly covered through pension funds for the employees. In the consolidated accounts an amount of EUR 2m (2008: EUR 2m) has been recognised in liabilities in respect of the Group's obligations towards current and previous employees after deducting plan assets.

	2009	2008
The following amounts have been recognised in the consolidated income statement:		
Defined contribution plans	48	41
Defined benefit plans	2	1
	50	**42**
The cost has been recognised in the following items:		
Cost of sales	29	24
Research and development costs	5	4
Selling and distribution expenses	5	4
Administrative expenses	11	10
	50	**42**
Net present value of covered defined benefit plans	(8)	(7)
Net present value of uncovered defined benefit plans	(2)	(3)
Net present value of defined benefit plans	(10)	(10)
Fair value of plan assets	7	7
Surplus/(deficit) cover	(3)	(3)
Non-recognised actuarial (gains)/losses	1	1
Net obligation recognised in the balance sheet	**(2)**	**(2)**
Development in net present value of defined benefit plan obligations:		
Net present value of defined benefit plan obligations at 1 January	10	10
Exchange adjustments	0	0
Pension expenses relating to current financial year	0	0
Calculated interest on obligations	0	1
Actuarial gains /(losses)	(1)	0
Loss on reductions and fulfilment	0	0
Pension expenses relating to prior financial years	0	0
Pensions paid	1	(1)
Net present value of defined benefit plan obligations at 31 December	**10**	**10**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

23 PENSION OBLIGATIONS (CONTINUED)

	2009	2008
Development in fair value of pension assets:		
Pension assets at 1 January	7	8
Exchange rate adjustments	0	0
Estimated return on plan assets	1	1
Actuarial gains/(losses)	0	(1)
Paid in by the Vestas Group	0	0
Pensions paid	(1)	(1)
Pension assets at 31 December	**7**	**7**
Pension expenses recognised in the income statement:		
Pension expenses relating to current financial year	1	1
Calculated interest on obligation	1	0
Estimated return on plan assets	0	0
Recognised actuarial (gain)/loss for the year	0	0
Pension expenses relating to prior financial years	0	0
Loss on reductions and fulfilment	0	0
Total recognised for defined benefit plans	**2**	**1**
Pension assets break down as follows:		
European shares	2	2
European bonds	4	4
Cash funds	1	1
	7	7
Return on pension assets:		
Estimated return on plan assets	0	1
Actual return on plan assets	0	0
Actuarial gain/(loss) on plan assets	0	(1)
The Group expects to pay less than EUR 1m to the defined benefit plan in 2010.		
The average assumptions underlying actuarial calculations at the balance sheet date are as follows:		
Discount rate (%)	5.3	5.3
Estimated return on pension funds (%)	5.6	6.3
Estimated rate of pay increase (%)	4.3	4.0
Estimated pension increase (%)	2.0	2.0

The estimated return on the plan assets has been determined based on the composition of the assets and general expectations with respect to economic trends.

	2009	2008	2007	2006	2005
Actuarially calculated pension obligations	(10)	(10)	(10)	(11)	(10)
Pension assets	7	7	8	7	7
Deficit cover	**(3)**	**(3)**	**(2)**	**(4)**	**(3)**
Changes to obligations based on experience	0	0	0	0	0
Changes to pension assets based on experience	0	0	0	0	0

There are no restrictions on the types of the pension assets which Vestas is allowed to invest in to meet the pension obligations. The pension assets include no Vestas shares, receivables from or any property leased by Vestas.
All relevant assumptions relating to the actuarial calculations exclude immaterial costs.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

24 FINANCIAL DEBTS

	2009	2008
Financial debts are recognised in the balance sheet as follows:		
Current liabilities		
Mortgage debt	3	3
Bank debt and debt to credit institutions	9	106
	12	**109**
Non-current liabilities		
Mortgage debt	8	11
Debt to credit institutions	331	3
	339	**14**
1–5 years	302	7
> 5 years	37	7
Financial debts	**351**	**123**
Fair value	351	123
Nominal value	351	123

It is Group policy to endeavour and ensure an appropriate development in the financial ratios with a view, for example, to maintaining the Group's credit rating and to complying with the agreed requirements in the Group's financing agreements.

The fair value is calculated as the present value of agreed cash flows using a current market-based interest rate.

Obligations relating to assets held under finance leases are included in mortgage debt and debt to credit institutions as follows:

	2009			2008		
	Minimum lease payment	Interest	Carrying amount	Minimum lease payment	Interest	Carrying amount
0–1 year	1	0	1	2	0	2
1–5 years	0	0	0	2	0	2
> 5 years	0	0	0	0	0	0
	1	**0**	**1**	**4**	**0**	**4**
Weighted effective interest rate at 31 December (%)			7.9			6.0

The fair value of financial debts amounts to EUR 1m (2008: EUR 4m).

The finance lease agreements of the Group mainly relate to service vans and run for up to three years after the balance sheet date.

The lease agreements will not result in any restrictions in relation to raising of other debts or dividend payments.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

25 OTHER LIABILITIES

	2009	2008
Staff cost	157	103
Taxes and duties	181	131
Accruals	0	24
Other payables	98	137
	436	395

26 ADJUSTMENT FOR NON-CASH TRANSACTIONS

	2009	2008
Amortisation and depreciation for the year of intangible assets and property, plant and equipment, including gains and losses on sale of non-current assets	218	135
Share of profit in associates	(1)	0
Warranty provisions in the year (net)	(22)	(49)
Pension provisions in the year	0	0
Other provisions in the year	(8)	12
Exchange rate adjustment	(6)	(1)
Financial income	(14)	(66)
Financial expenses	62	20
Corporation tax for the year	230	203
Cost of share-based payments	2	3
Other adjustments	0	1
	461	258

27 CHANGE IN NET WORKING CAPITAL

	2009	2008
Change in inventories	(51)	(505)
Change in receivables	(191)	(524)
Change in prepayments from customers	(768)	397
Change in trade payables	32	141
Change in other liabilities	41	124
	(937)	(367)

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

28 CASH AT BANK AND IN HAND

Cash at bank and in hand with disposal restrictions, EUR 20m (2008: EUR 12m), primarily consist of prepayments from customers regarding projects, and the amounts are released in line with the fulfilment of the related contractual obligations.

29 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

	2009	2008
Audit:		
PricewaterhouseCoopers	2	2
KPMG	2	2
Total audit	**4**	**4**
Non-audit services:		
PricewaterhouseCoopers		
Other assurance statements	0	0
Tax assistance	0	1
Other services	1	1
	1	**2**
KPMG		
Other assurance statements	0	0
Tax assistance	4	0
Other services	1	1
	5	**1**
Total non-audit services	**6**	**3**

Vestas' auditors can be used, within certain parameters, for certain non-audit services and may often be the obvious choice due to business knowledge, confidentiality and costs consideration. Vestas has a comprehensive policy for non-audit services ensuring that the provision of non-audit services to the Group does not impair the auditors' independence or objectivity. The Audit Committee is responsible for the development and maintenance of this policy and monitors compliance.

In 2009 and 2008, other services include fees mainly for other assistance in accounting.

30 MANAGEMENT'S OPTION PROGRAMME AND SHAREHOLDINGS

Option programme

A share option programme was established in 2006 for the Executive Management, the Vestas Government and other selected executives of the Group, totalling 20 people. Options were granted based on the achievement of specified targets for 2006 and 2007. The market value, based on the Black-Scholes valuation model calculated at the date of grant/establishment of the programme, amounted to EUR 3m.

In 2007, a new option programme was introduced for the same members as in the 2006 programme. The programme granted 580,080 options, which were valued, based on the Black-Scholes valuation model, on 15 May 2007 at a market value of EUR 12m. 155,102 of the options, valued at EUR 3m, were allocated to the Executive Management.

The members may exercise their options in specified periods and choose to purchase the company's shares at the relevant strike price depending on the programme. Exercise of the options can only occur in the periods where executives are allowed to trade shares in accordance with the Group's internal rules, being within the four weeks following the company announcement of the annual report and quarterly financial reports.

Options are allotted to members when the Board of Directors approves the final annual report for each year except for options allotted in 2007. The allotment for 2007 was on 15 May 2007 when the programme was announced. No options expired in 2009.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

30 MANAGEMENT'S OPTION PROGRAMME AND SHAREHOLDINGS (CONTINUED)

The share prices and the exercise prices are based on the closing share prices obtained from Bloomberg Financial Markets on the day the options were granted. The risk free interest rate is estimated as the effective interest rate on a Danish government bond with the same economic life, in this case two, five, six and seven-year bonds. The future volatility, which means movement in the shares' total yield, is calculated based on historic weekly closing share prices for a period of two and three years for the 2006 and 2007 programmes, respectively.

2006 programme
All the options allotted in 2006 have lapsed. 56,448 options were the net allotted amount in 2007 with a value of EUR 1m at grant. The members of the scheme loose the right to the options, if they terminate their employment before the end of the vesting period. The options can be exercised between two and four years after they have been allotted. Options allotted in 2007 can be exercised from 2010 to 2012. There will be no more new allotments from this programme.

2007 programme
The options allotted to the members of the schemes for 2007, 2008 and 2009 are valued based on the equivalent of 60 per cent of their 2006 annual salary. For 2008 and 2009, members will only be allotted options if they are still employed when the Board of Directors approves the annual report for the respective years. 207,952 and 189,002 options were allotted in 2007 and 2008, respectively, leaving 183,126 options to be allotted for 2009.

Three new members were added to the programme on 7 January 2009 and were granted 21,970 options at a value estimated to be EUR 1m. A further four members were added to the scheme on 27 October 2009 and were granted 31,858 options with an estimated value of EUR 1m. In both cases the date of allotment of the options will be the Board of Director's approval of the annual report for 2009 but the service periods start in January 2009 and October 2009, respectively. The terms and conditions of the options are the same as the terms and conditions of the options granted in May 2007 except that the options are valued based on the equivalent of 60 per cent of their 2009 annual salary.

The options can be exercised within two years when three years have elapsed after they have been allotted. This five-year period after the allotment of options is referred to as vesting period. The exercise of the options can only occur, if the members themselves have not terminated their employment at the time of the exercise. Options allotted in 2007, 2008 and 2009 can be exercised from 2010 to 2012, 2012 to 2014 and 2013 to 2015, respectively. The members of the scheme loose the right to the options, if they terminate their employment before the end of each of the three allotments' vesting period. On exercising the options the participants must invest 50 per cent of the profit after tax in Vestas shares, which must be held for at least three years.

The fair value at the grant date has been calculated under the Black-Scholes option pricing model adjusted for dilution of share capital based on the following assumptions:

	2007 programme 2009 grant (October)	2007 programme 2009 grant (January)	2007 programme 2007 and 2008 grant	2006 programme 2007 grant
Share price at grant (DKK)	337.00	303.50	380.50	167.00
Volatility (%)	65	88	44	54
Exercise price (DKK)	380.5	380.5	380.5	147.6
Risk-free interest rate for options (%)	3.47	3.27	4.30	3.80
Annual dividend per share (DKK)	0	0	0	0
Years to expiry	5	5	5	5

30 MANAGEMENT'S OPTION PROGRAMME AND SHAREHOLDINGS (CONTINUED)

				Grant date			
	Group Executive Management pcs	Other executives pcs	Total pcs	Exercise price per option DKK	Fair value per option DKK	Total fair value tEUR	Total fair value tEUR
Outstanding at 1 January 2008	**171,480**	**465,048**	**636,528**			**12,985**	
Granted 2007 programme	0	0	0	-	-	-	-
Lapsed 2006 programme	0	(2,193)	(2,193)	147.6	89	(26)	-
Lapsed 2007 programme	0	(22,163)	(22,163)	380.5	152–165	(471)	-
Exercised	0	0	0		-	-	-
Expired	0	0	0		-	-	-
Outstanding at 31 December 2008	**171,480**	**440,692**	**612,172**			**12,488**	**12,617**
Outstanding at 1 January 2009	**171,480**	**440,692**	**612,172**			**12,488**	
Granted 2007 programme (Jan)	0	21,970	21,970	380.5	206.9	611	-
Granted 2007 programme (Oct)	0	31,858	31,858	380.5	189.9	813	-
Lapsed 2006 programme	0	(2,295)	(2,295)	147.6	89	(26)	-
Lapsed 2007 programme	0	(21,566)	(21,566)	380.5	152-165	(458)	-
Exercised	0	0	0		-	-	-
Expired	0	0	0		-	-	-
Outstanding at 31 December 2009	**171,480**	**470,659**	**642,139**			**13,428**	**13,355**
Number of exercisable options at 31 December 2008	0	0	0				
Number of exercisable options at 31 December 2009	0	0	0				

Average remaining life of the options outstanding at 31 December 2009 is three years (2008: four years).
No options have been exercised in the year.

Management's holdings of Vestas shares
The internal rules regarding the trading in Vestas shares for the Board of Directors, the Executive Management and certain employees only allow trading in the four weeks following the publication of the annual report and quarterly reports.

	Balance at 1 January	Purchased in the year	Sold in the year	Balance 31 December	Market value*) tEUR
The Board of Directors					
Bent Erik Carlsen	98,120	-	-	98,120	4,180
Torsten Erik Rasmussen	3,837	-	-	3,837	163
Elly Smedegaard Rex	0	-	-	0	0
Freddy Frandsen	3,653	-	-	3,653	156
Håkan Eriksson	0		-	0	0
Jørgen Huno Rasmussen	500	-	-	500	21
Jørn Ankær Thomsen	0	-	-	0	0
Kim Hvid Thomsen	2,657	-	-	2,657	113
Kurt Anker Nielsen	1,600	-	-	1,600	68
Michael Abildgaard Lisbjerg	150	-	-	150	6
Ola Rollén	0	200	-	200	9
Sussie Dvinge Agerbo	2,400	-	-	2,400	102
	112,917	**200**	**-**	**113,117**	**4,818**
Executive Management					
Ditlev Engel	224	-	-	224	10
Henrik Nørremark	3,213	-	-	3,213	137
	3,437	**-**	**-**	**3,437**	**147**

*) The calculation of the year-end market value is based on the share price quoted on the NASDAQ OMX Copenhagen at the end of the year (DKK 317.00).

31 RELATED PARTY TRANSACTIONS

Vestas Wind Systems A/S has no shareholders with controlling influence.

The related parties of the Vestas Group include the Board of Directors of the company, the Executive Management, and other executives (Vestas Government), together with close members of the family of these individuals. Furthermore, related parties include entities which are significantly influenced by the afore-mentioned individuals.

Transactions with the Board of Directors, Executive Management and other executives
Transactions with the Executive Management only consist of normal management remuneration, see note 6 to the consolidated accounts.

Transactions with the Board of Directors, Executive Management and other executives in the year comprise the following:

Purchase of normal legal services for EUR 1.1m at arm's length basis (2008: EUR 1.9m) from the law firm Gorrissen Federspiel, where Jørn Ankær Thomsen is a partner. The outstanding balance payable to Gorrissen Federspiel at 31 December 2009 amounted to EUR 0.1m (2008: EUR 0.1m).

Five people (2008: six) covered by the definition of related parties have directly or indirectly full or part ownership of wind turbines where a company in the Vestas Group performs service work. These transactions take place at arm's length and in total amounted to EUR 0.4m in 2009 (2008: EUR 0.5m). The outstanding amount of purchases from related parties at 31 December 2009 amounted to EUR 0m (2008: less than EUR 0.3m).

There have been no other transactions with any members of the Board of Directors and the Executive Management in Vestas Wind Systems A/S or other executives during the year.

With the exception of the Board members elected by the employees, no members of the Board of Directors have been employed by the Group in 2009.

Transactions with associates and joint ventures
Related parties also include associates over whom Vestas Wind Systems A/S has control or significant influence.

The Vestas Group's associates and related shareholdings are listed under "Legal entities" on pages 113–115.

Outstanding balances with associates have resulted from standard business transactions regarding purchase and sale of goods and services. No interest is calculated on the outstanding balances and the transactions are entered into with the same trading conditions as for the Group's other customers and suppliers.

32 GOVERNMENT GRANTS

The Group has received a number of government grants, of which EUR 2m has been offset against incurred expenses (2008: EUR 1m) and EUR 27m has been offset against non-current assets (2008: less than EUR 1m).

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

33 MORTGAGES AND SECURITY

As security for the Group's mortgage loans, mortgage deeds registered to the mortgagor and all-money mortgages have been secured on land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment. Some of the Group's other property, plant and equipment has been placed as security.

Furthermore, the Group has issued mortgage deeds registered to the mortgagor and all-money mortgages which are secured on the aforementioned properties. These mortgage deeds registered to the mortgagor and all-money mortgages are all in the possession of the Group.

As security for credit facilities, the Group has given security in its cash at bank and in hand and other current assets.

	2009	2008
Total mortgage loans	11	14
Mortgage deeds and all-money mortgages:		
Nominal value of mortgage deeds and all-money mortgages	10	10
Carrying amount of pledged assets	25	21
Other mortgage deeds and all-money mortgages in the possession of the Group	109	113
The carrying amounts of the collaterals outstanding as at 31 December are specified below:		
Letters of credit	0	14
Bank guarantees	198	250
	198	**264**

34 CONTRACTUAL OBLIGATIONS

	2009	2008
The minimum lease obligations relating to operating leases fall due:		
0–1 year	37	49
1–5 years	73	68
> 5 years	65	72

Operating leases comprise irrevocable operating leases regarding buildings and vehicles. The main obligation relates to buildings in Germany and runs for up to 23 years after the balance sheet date. The lease agreements will not result in any restrictions in relation to raising of other debts or payment of dividends.

Costs recognised in the income statement relating to operating leases amount to EUR 49m in 2009 (2008: EUR 20m).

The Group has entered into binding contracts concerning purchase of plant to be delivered in 2010 and thereafter at a value of EUR 97m (2008: EUR 267m).

The Group has entered into binding contracts concerning purchase of components for production to be delivered in 2010 and thereafter at a total value of EUR 3,099m (2008: EUR 3,317m).

35 CONTINGENT LIABILITIES

Pending lawsuits

Vestas is involved in some litigation proceedings. However, it is the opinion of management that settlement or continuation of these proceedings will not have a material effect on the financial position of the Group.

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT

The Group's policy for managing financial risks

The Vestas Group is exposed to changes in exchange rates, interest rates and commodity prices due to its investments and financing operations. Management identifies the level and concentration of risks and initiates policies to address these, through continuous business reviews. Moreover, the Group is exposed to credit and liquidity risks. It is the Group's policy not to engage in any active speculation in financial risks. Accordingly, the Group's financial management is directed solely at managing or eliminating financial risks relating to operations and funding.

The Group's policy for managing financial risks remains unchanged from last year. The carrying amounts of the financial instruments are reasonable approximations of their fair values.

Credit risks

The Group's credit risk primarily relates to receivables and bank balances, investments as well as derivative financial instruments.

Credit risks relating to receivables arise when Vestas makes sales for which no prepayment has been received. It is Vestas' policy to hedge uncertainties of payment by way of letters of credit, bank guarantees, credit insurance, conditional sale, etc. Security received is taken into account in the assessment of any provision for bad debts.

Vestas' customers' creditworthiness is reviewed in connection with the closing of contracts. If Vestas does not receive security for the payments, the total contract amount plus VAT, or if the customer does not have adequate credit rating from S&P, Moody's or Fitch, a more detailed assessment of the customer's creditworthiness is performed by the sales unit, Contract Review Board and Group Treasury prior to the signing of the contract to mitigate any risks to Vestas.

91 per cent (2008: 82 per cent) of Vestas' customers have not exceeded the deadline for payment at 31 December 2009. Historically, Vestas' customers have paid within the payment period agreed upon. Trade receivables overdue by more than 180 days are immaterial.

Vestas sells wind turbines, wind power systems and service to companies, which are well positioned in national and international markets. These companies are considered to be reputable companies. All outstanding trade debtors are owed by reputable companies. In light of the credit squeeze management does not anticipate any defaults in relation to ongoing projects and for firm orders signed.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

Credit risks relating to bank balances, investments as well as derivative financial instruments arise due to uncertainty as to whether the counterparty will be able to meet its obligations when they are due. The Group minimises this risk by only using financial institutions with a high credit standing as brokers for the purchase and sale of financial instruments. Furthermore, internally Vestas has set limits for the Group's total balance with each bank.

Vestas' policy regarding placement of funds with banks is that they must have a minimum long-term credit rating from either S&P, Moody's or Fitch as follows:

Credit Rating Agency	Rating
S&P	A
Moody's	A2
Fitch	A

The key bankers of Vestas are:
Nordea Bank Danmark A/S
Commerzbank AG
Société Générale
Banco Español de Crédito

Vestas uses two of the above banks when purchasing and selling financial instruments. In light of the financial crisis, management can confirm that Vestas' bank deposits are secured and its financial instruments remain unaffected.

No bank balances or derivative financial instruments are overdue or written down due to the counterparty's inability to pay. There are no historic losses related to bank balances and derivative financial instruments due to the counterparty's inability to pay.

	2009	2008
Maximum credit risk without taking into account security received for trade receivables	525	938
Maximum credit risk related to bank balances, securities and derivative financial instruments	490	298
Maximum credit risk related to construction contracts and other receivables	1,282	688
	2,297	**1,924**

Liquidity risks
Liquidity risk is the risk that Vestas is unable to meet its obligations as they fall due because of inability to realise assets or obtain adequate funding. The Group ensures that a strong liquidity position is maintained in order to service its financial obligations as they fall due, both under normal and more pressing conditions.

Group Treasury is in charge of ensuring that substantial capital resources are in place at all times through a combination of liquidity management, non-committed and committed credit facilities and other debt instruments. Vestas manages its liquidity risk through cash pool systems in various currencies and by using short-term overdraft facilities in a number of financial institutions. Vestas expects to be able to finance its organic growth through cash flows from operations. The current credit squeeze has not impacted on Vestas' ability to meet its obligations.

However, it is naturally not possible to guarantee that Vestas will always be able to maintain its credit rating or to comply with the minimum requirements in the financing agreements. Then occurrence of either eventuality would be likely to have a significant adverse effect on the Group.

The value of cash assets with disposal restrictions was EUR 20m at 31 December 2009 (2008: EUR 12m).

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

The following table shows the timing of cash flows related to financial obligations, assets and hedging instruments.

2009	Carrying amount	Fair value	< 1 year	1–5 years	More than 5 years	Total cash flows
Measured at amortised cost (loans and other debt)						
Mortgage debts	11	11	3	3	8	14
Bank debt and debt to credit institutions	340	340	9	306	32	347
Trade payables	1,062	1,062	1,062	0	0	1,062
Other liabilities	423	423	423	0	0	423
	1,836	**1,836**	**1,497**	**309**	**40**	**1,846**
Derivative financial instruments						
Interest SWAPS (gross):						
Floating-rate obligation	0	0	0	0	0	0
Fixed-rate obligation	1	1	1	0	0	1
Currency hedging agreements:						
Cash flow hedges	10	10	9	1	0	10
Fair value hedges	2	2	2	0	0	2
	13	**13**	**12**	**1**	**0**	**13**
Total financial liabilities	**1,849**	**1,849**	**1,509**	**310**	**40**	**1,859**
Measured at amortised cost (receivables and deposits)						
Trade receivables	525	525	525	0	0	525
Construction contracts and other receivables	1,282	1,282	1,266	16	0	1,282
	1,807	**1,807**	**1,791**	**16**	**0**	**1,807**
Derivative financial instruments						
Interest SWAPS (gross):						
Floating-rate assets	0	0	0	0	0	0
Currency hedging agreements:						
Cash flow hedges	1	1	1	0	0	1
Fair value hedges	0	0	0	0	0	0
	1	**1**	**1**	**0**	**0**	**1**
Total financial assets	**1,808**	**1,808**	**1,792**	**16**	**0**	**1,808**

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

2008	Carrying amount	Fair value	< 1 year	1–5 years	More than 5 years	Total cash flows
Measured at amortised cost (loans and other debt)						
Mortgage debts	13	13	3	5	11	19
Bank debt and debt to credit institutions	109	109	106	3	1	110
Trade payables	1,030	1,030	1,030	0	0	1,030
Other liabilities	321	321	321	0	0	321
	1,473	**1,473**	**1,460**	**8**	**12**	**1,480**
Derivative financial instruments						
Interest SWAPS (gross):						
Floating-rate obligation	1	1	2	1	0	3
Fixed-rate obligation	0	0	0	0	0	0
Currency hedging agreements:						
Cash flow hedges	41	41	27	15	0	42
Fair value hedges	7	7	9	0	0	9
	49	**49**	**38**	**16**	**0**	**54**
Total financial liabilities	**1,522**	**1,522**	**1,498**	**24**	**12**	**1,534**
Measured at amortised cost (receivables and deposits)						
Trade receivables	938	938	938	0	0	938
Construction contracts and other receivables	688	688	663	25	0	688
	1,626	**1,626**	**1,601**	**25**	**0**	**1,626**
Derivative financial instruments						
Interest SWAPS (gross):						
Floating-rate assets	1	1	2	1	0	3
Currency hedging agreements:						
Cash flow hedges	15	15	16	0	0	16
Fair value hedges	0	0	0	0	0	0
	16	**16**	**18**	**1**	**0**	**19**
Total financial assets	**1,642**	**1,642**	**1,619**	**26**	**0**	**1,645**

Cash at bank and in hand and investments are measured at fair value and any adjustments are made through the income statement.

Cash flows for hedged assets and hedged liabilities as well the hedging instrument are recognised in the income statement in the same period.

For a description of cash flows relating to operating leases, reference is made to note 34 to the consolidated accounts.

The carrying amounts of derivative financial instruments are included in other receivables and other liabilities, as appropriate.

As a general rule, the fair value of financial liabilities and financial assets is calculated using discounted cash flow models based on the market interest rates and credit conditions at the balance sheet date.

Financial instruments measured at fair value are categorised into the following levels of the fair value hierarchy:
Level 1: Observable market prices for identical instruments.
Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments.
Level 3: Valuation techniques primarily based on unobservable prices.

The fair value of Vestas' forward exchange contracts as well as of other derivative financial instruments (commodity instruments) is measured according to level 2 as the fair value can be established directly based on exchange rates published and forward interest rates specified at the balance sheet date.

Fair value of bonds is measured as level 1 because the fair value is set from the share price in an open market.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

Market risks
Vestas' market risks relating to financial instruments comprise: currency risks, interest rate risks and commodity price risks.

Currency risks
The Group's business activities involve a number of currency risks in connection with purchases and sales of goods and services in foreign currencies. It is Group policy to hedge the currency risk at the time of entering into a binding agreement in foreign currency. Only the net exposure for each currency is hedged. The currency risk is primarily hedged by forward exchange contracts and currency swap agreements.

In 2009, Vestas invested in production facilities ensuring that customers in Europe are supplied from Europe, customers in Americas from North America and those in Asia/Pacific from Asia. This ensures significant reduction in the currency risk for the Group.

Exchange adjustments relating to investments in Group subsidiaries and associates abroad with a different functional currency than that of the parent company are recognised directly in equity. Related currency risks are not hedged as, in the Group's opinion, hedging of such long-term investments will not be optimal from an overall risk and cost perspective.

The isolated effects of the exchange rate changes considered probable by Management, (10 per cent) increase, at 31 December against the EUR are specified as follows:

		2009	2008
USD:	Equity	7	4
	Profit for the year	1	3
CAD:	Equity	6	9
	Profit for the year	1	1
GBP:	Equity	10	20
	Profit for the year	1	(1)

Only currencies with material effect on comprehensive income and income statement are specified above. The above analysis is based on the assumption that all other variables, interest rates in particular, remain constant. The expectations are based on currently available market data.

A corresponding decline in the exchange rates for the above currencies will have the same but opposite effect for both equity and profit for the year. The differences between the 2009 and 2008 values are solely due to differences in the nominal amounts in the individual currencies.

Currency hedging agreements relating to future transactions (cash flow hedges)
The following net outstanding forward exchange contracts of the Group at 31 December, which are publicly traded, are used and qualify as cash flows hedges:

	2009				2008			
	Nominal principal amount*)	Accumulated capital gain/loss recognised in equity	Fair value of principal amount	Term to maturity (months), up to	Nominal principal amount*)	Accumulated capital gain/loss recognised in equity	Fair value of principal amount	Term to maturity (months), up to
USD	133	(9)	142	17	504	(33)	537	29
SEK	(20)	0	(20)	15	5	0	5	5
CAD	1	0	1	6	60	9	51	10
GBP	(5)	0	(5)	7	(9)	(1)	(8)	12
EUR	(109)	0	(109)	17	(560)	0	(560)	29
	0	**(9)**	**9**		**0**	**(25)**	**25**	

*) Positive principal amounts of forward exchange contracts are sales of the currency in question, and negative principal amounts are purchases.

The Group's cash flow hedges relate primarily to net cash flows outside euro-based countries, primarily in American and Canadian dollars as well as Swedish kroner (USD, CAD and SEK, respectively) with equivalents in Danish kroner (DKK) and euro (EUR).

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

Currency hedging agreements relating to assets and liabilities recognised in the balance sheet (fair value hedges)
The following net outstanding forward exchange contracts of the Group at 31 December are used and qualify as fair value hedging of assets and liabilities included in the balance sheet.

	2009				2008			
	Nominal principal amount*)	Accumulated capital gain/loss recognised in the income statement	Fair value of principal amount	Term to maturity (months), up to	Nominal principal amount*)	Accumulated capital gain/loss recognised in the income statement	Fair value of principal amount	Term to maturity (months), up to
USD	(6)	0	(6)	4	(34)	0	(34)	15
SEK	0	0	0	-	(30)	(3)	(27)	12
NOK	0	0	0	-	(42)	(5)	(37)	12
CAD	40	0	40	6	0	0	0	-
INR	55	(1)	56	4	0	0	0	-
EUR	89	0	(89)	6	106	0	106	15
	0	**(1)**	**1**		**0**	**(8)**	**8**	

*) Positive principal amounts of forward exchange contracts are sales of the currency in question, and negative principal amounts are purchases.

Gains/(losses) on derivative financial instruments for the year used for hedging of fair values amounted to EUR (3)m (2008: EUR 0m).

Fair value adjustments caused by movements in the hedged risk on hedged instruments amounted to EUR 0m (2008: EUR 0m).

The Vestas Group's fair value hedges relate to receivables outside euro-based countries, primarily in Swedish and Norwegian kroner as well as American and Australian dollars (SEK, NOK, USD and AUD), with equivalents in euro (EUR).

All fair value changes are recognised in the income statement.

Commodity price risks
Vestas uses copper and nickel, among other raw materials, for the production of wind turbines. Where the risks of price changes on such raw materials are not transferred to the customer, Vestas' gross margin per wind turbine can be affected by developments in copper and nickel prices. In order to hedge this risk, Vestas enters into forward contracts to purchase copper and nickel at a fixed price at a time corresponding to the time when Vestas purchases the raw materials. These contracts are entered into with banks and are settled on a cash basis.

The Vestas Group hedges 80 per cent of the values of expected copper and nickel purchases for the purpose of wind turbine production by means of forward contracts.

The fair value of the commodity hedges outstanding at the balance sheet date amounts to EUR 0m (2008: EUR 0m), which has been recognised in equity.

The isolated effects of a 10 per cent increase or decline in the price curve for copper and nickel at 31 December are specified as follows:

	2009	2008
10 per cent increase		
Equity	0	1
Profit for the year	0	0
10 per cent decline		
Equity	0	(1)
Profit for the year	0	0

The above analysis is based on the outstanding hedge instruments at the balance sheet date.

The hedging of copper and nickel is considered to be an effective cash flow hedge and changes in the value of these are recognised in the statement of comprehensive income. The sensitivity analyses are prepared on the assumption that all other factors are kept constant.

The difference between the 2009 and 2008 values are solely due to differences in the volumes of copper and nickel purchased.

NOTES TO THE CONSOLIDATED ACCOUNTS (MEUR)

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

Interest rate risks

The Group's interest rate risk relates to interest rate fluctuations that can affect the Group's cash flows related to interest payments and receipts and the fair value of financial instruments. The Group covers the risk related to changed cash flows on net debt. It is the Group's policy to hedge this risk on Group loans. Hedging is usually made by entering into interest rate swaps where floating-rate loans are converted into fixed-interest loans.

Sensitivity analysis – interest rate risks

Vestas expects the level of interest rates in the euro zone to be affected by changes in the USA. Based on trends in the USA, Vestas expects that the level of interest rates in the euro zone may increase or decline by up to 1 percentage point. An increase or decline of 1 percentage point in the level of interest rates, in relation to SWAPS outstanding at the balance sheet day, will have the following effect on equity and the income statement.

	2009	2008
1 percentage point increase		
Equity	2	2
Profit for the year	2	2
1 percentage point decline		
Equity	(2)	(2)
Profit for the year	(2)	(2)

The Group's interest-bearing financial assets and liabilities have the following term to contractual review or maturity, depending on which date occurs first. The differences in between 2008 and 2009 values are solely due to differences in the interest bearing assets and liabilities.

	Time of review/maturity					
2009	< 1 year	1–5 years	> 5 years	Total	Fixed-interest part	Effective interest rate (%)
Financial liabilities						
Mortgage debt	3	1	7	11	8	4.9
Bank debt and debt to credit institutions	9	301	30	340	9	2.0
	12	**302**	**37**	**351**	**17**	
Financial assets						
Trade receivables	525	0	0	525		
	525	**0**	**0**	**525**		

	Time of review/maturity					
2008	< 1 year	1–5 years	> 5 years	Total	Fixed-interest part	Effective interest rate (%)
Financial liabilities						
Mortgage debt	3	4	6	13	9	4.7
Bank debt and debt to credit institutions	106	3	1	110	1	4.9
	109	**7**	**7**	**123**	**10**	
Financial assets						
Trade receivables	938	0	0	938		
	938	**0**	**0**	**938**		

The effective interest rates were calculated at the balance sheet date.

36 DERIVATIVE FINANCIAL INSTRUMENTS, RISK AND FINANCIAL MANAGEMENT (CONTINUED)

Interest rate hedging agreements (cash flow hedges)
It is Group's policy to hedge all interest rate risks on Group loans. Hedging is usually made by entering into interest rate swaps where floating-rate loans are converted into fixed-rate loans.

The fair value of the interest rate swaps entered into to hedge the interest rate risk on floating-rate loans outstanding at the balance sheet date amounts to EUR 1m (2008: EUR 1m), which has been recognised in equity. The principal of interest rate swaps entered into amounts to EUR 0m (2008: EUR 0m) and the remaining time to maturity of up to 7 months (2008: 19 months).

Financial management
In connection with financial management it is the Group's objective to create the necessary stability to implement strategic development work while in the long term achieving a competitive return for the company's shareholders. At the same time, the Group has the objective of reducing cost of capital.

The Group's possible methods of maintaining or changing its capital structure are: adjustment of the dividends level; share buy-backs; issuing of new shares; new borrowing, change of the level of funding from prepayments received and credit granted by suppliers or the sale of assets to reduce debts.

The Group assesses its financial position on the basis of the debt-equity ratio calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts. It is Vestas' long-term target to maintain a solvency ratio of at least 40 per cent.

37 SUBSEQUENT EVENTS

Orders
In 2010, Vestas has announced an 80 MW order for Germany.

A complete overview of announced orders is available at vestas.com/investor. Vestas only discloses firm and unconditional orders and in relation to company announcements, the order value must be above EUR 66m.

US tax credit
In connection with the investments in Colorado, USA, Vestas has received a manufacturing incentive tax credit of EUR 36m.

Extraordinary General Meeting
On 14 January 2010, Vestas Wind Systems A/S held an Extraordinary General Meeting for the purpose of amending Article 4(6) of the company's Articles of Association concerning the deadline for shareholders' rights to include a specific matter on the agenda for the company's Annual General Meeting.

The Board of Directors had proposed that the existing deadline was changed to a deadline of six weeks, which is consistent with the deadline set out in the new Danish Companies Act. The proposed resolution was adopted unanimously.

Share-based incentive programme
At the annual general meeting held on 26 March 2009, it was notified that the company's option programme in the autumn of 2009 will be expanded to include a larger group of executives including all Vice Presidents, Chief Specialists, Chief Project Managers and Senior Vice Presidents in all business units as well as Vice Presidents, Chief Specialists and Chief Project Managers in Vestas Wind Systems A/S. Executive Management, Presidents and Senior Vice Presidents in Vestas Wind Systems A/S, reporting directly to the Executive Management are included in earlier programmes. More information about the option programme can be found on page 34 of the annual report.

38 NEW ACCOUNTING REGULATIONS

The following standards and interpretations have been adopted by IASB and approved by the EU, but have not yet become effective and therefore not implemented:

Amendment to IAS 27 "Consolidated and Separate Financial Statements"

The amendment implies that if the enterprise acquires or sells ownership shares in a subsidiary without losing control, the difference between the acquisition price or the sales price, respectively, and the carrying amount of same should be shown as an equity transaction. The application of the amended standard is not expected to have any material effect on the annual report for future financial years.

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement"

The amendment states that the time value of an option cannot reflect the risk hedged and that the inflation element of a financial item can only be hedged if stipulated by contract. The application of the amended standard is not expected to have any material effect on the Annual Report for future financial years.

IFRS 3 "Business Combinations"

The amendment to IFRS 3 includes:
- Transaction costs are recognised in the statement of income as they incur
- As a general rule, adjustments of contingent consideration are recognised in the statement of income
- Possibility of recognising goodwill attached to the minority interest
- Existing relations between buyer and the enterprise taken over must also be valued at fair value.

Moreover, the standard includes amendments in the following areas:
- Recognition and measurement of identifiable assets and liabilities
- New/more disclosure requirements.

The application of the amended standard will have no material effect on the annual report for future financial years.

IFRIC 12 "Service Concession Arrangements"

The interpretation, effective from 1 January 2010 or later, describes the accounting treatment of concession agreements. The interpretation is currently not relevant to Vestas.

IFRIC 15 "Arrangements for the Construction of Real Estate"

The objectives of the interpretation is to clarify the definition of construction contracts and the clarification of when a construction contract should be treated under IAS 11 or IAS 18 and to provide more guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18. The interpretation is effective for accounting periods beginning 1 January 2010 or later.

IFRIC 17 "Distributions of Non-cash Assets to owners"

Implied that dividend distributed as non-cash assets must be measured at fair value. The interpretation is not expected to be of any importance to Vestas.

IFRIC 18 "Transfers of Assets from Customers"

The interpretation applies to the accounting for transfers of items of property, plant and equipment from customers either to connect to a network or to provide ongoing access to supply of goods or services.

The interpretation is of importance mainly to enterprises entering into outsourcing agreements or running a utility company and is not expected to have any relevance to Vestas.

IASB has issued the following amendments to standards and new interpretations which have not yet been approved by the EU:

Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards"

This amendment eases the transition to IFRS for oil and gas enterprises. The standard will be of no importance to Vestas.

Amendment to IFRS 2 "Share-based Payment"

This amendment clarifies that the parent company's payment of cash and cash equivalents which is based on the price of its own shares, shares in the subsidiary or a third group enterprise is classified as share-based payment in the enterprise in which the employee is employed. As, at the present time, Vestas does not have any such share-based payments, the application of the amended standard is not expected to have any effect on the annual report for future financial years.

IFRS 9 "Financial Instruments: Classification and Measurement"

The number of categories of fixed asset investments is reduced to two – amortised cost category or the fair value model. The classification is made on the basis of the nature of the business model and the characteristics of the instrument, respectively. The implementation of the standard is not expected to have any material effect on the recognition of the fixed asset investments of Vestas.

Amendment to IAS 32 "Financial Instruments: Disclosure and Presentation"

The amendment has the effect that rights issues denominated in a currency other than the functional currency of the enterprise will be classified as an equity instrument when the amounts to be received by the enterprise are constantly in foreign currencies and when the rights issues are offered to all shareholders on a pro rata basis.

Vestas does not intend to make any rights issues denominated in a currency other than the functional currency of the enterprise. The implementation of the amended IAS 32 is therefore not expected to have any effect on the annual report for future financial years.

Annual improvements to ten existing standards and two existing interpretations

These constitute only minor amendments and clarifications which are not expected to have any material effect on the Annual Report for future financial years.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The interpretation states how to account for a non-contractual conversion of debt into equity in debtor's financial statements. The interpretation is not expected to be of any importance to Vestas.

LEGAL ENTITIES[1)]

Name	Place of registered office		Share capital	Votes and ownership
Parent company				
Vestas Wind Systems A/S	**Randers, Denmark**	**tDKK**	**203,704**	**-**
Production units				
Vestas Blades A/S	**Randers, Denmark**	**tDKK**	**91,000**	**100%**
Vestas Blades Deutschland GmbH	Lauchhammer, Germany	tEUR	26	100%
Vestas Blades Italia S.r.l.	Taranto, Italy	tEUR	21,364	100%
Vestas Wind Technology (China) Co. Ltd.	Tianjin, China	tCNY	945,516	100%
Vestas Blades America Inc.	Windsor (CO), USA	tUSD	12,000	100%
Vestas Blades Spain S.L.U.	Madrid, Spain	tEUR	23,000	100%
Vestas Control Systems A/S	**Randers, Denmark**	**tDKK**	**12,000**	**100%**
Vestas Control Systems Spain S.L.U.	Olvega, Spain	tEUR	384	100%
Vestas Nacelles A/S	**Randers, Denmark**	**tDKK**	**300,000**	**100%**
Vestas Nacelles Italia S.r.l.	Taranto, Italy	tEUR	16,423	100%
Vestas Nacelles Deutschland GmbH	Lübeck, Germany	tEUR	25	100%
Vestas Nacelles Spain S.A.	Viveiro, Spain	tEUR	601	100%
Vestas Nacelles America Inc.	Windsor (CO), USA	tUSD	20,000	100%
Vestas Castings Magdeburg GmbH	Magdeburg, Germany	tEUR	260	100%
Vestas Castings Guldsmedshyttan AB	Guldsmedshyttan, Sweden	tSEK	11,000	100%
Vestas Castings Kristiansand AS	Kristiansand, Norway	tNOK	62,797	100%
Vestas Castings (Xuzhou) Co. Ltd.	Xuzhou, China	tCNY	172,119	100%
Vestas Towers A/S	**Randers, Denmark**	**tDKK**	**55,000**	**100%**
Vestas Torres Spain S.L.U.	Zaragoza, Spain	tEUR	500	100%
Vestas Towers America Inc.	Windsor (CO), USA	tUSD	20,000	100%
Vestas Towers Mediterranean S.L.	Madrid, Spain	tEUR	2,060	100%

1) Companies of immaterial interest have been left out of the overview.

Name	Place of registered office	Share capital		Votes and ownership
Sales and service units				
Vestas Americas A/S	**Randers, Denmark**	**tDKK**	**50,000**	**100%**
Vestas - American Wind Technology Inc.	Portland (OR), USA	tUSD	105,856	100%
Vestas - Canadian Wind Technology Inc.	Kincardine (ON), Canada	tCAD	92,010	100%
Vestas Asia Pacific A/S	**Randers, Denmark**	**tDKK**	**33,000**	**100%**
Vestas Asia Pacific Wind Technology Pte. Ltd.	Singapore, Singapore	tSGD	10,000	100%
Vestas - Australian Wind Technology Pty. Ltd.	Melbourne, Australia	tAUD	53,000	100%
Vestas Korea Wind Technology Corp.	Seoul, South Korea	tKRW	500,000	100%
Vestas New Zealand Wind Technology Ltd.	Wellington, New Zealand	tNZD	100	100%
Vestas Taiwan Ltd.	Tapei City, Taiwan	tTWD	500	100%
Vestas Wind Technology (Beijing) Co. Ltd.	Beijing, China	tCNY	8,171	100%
Vestas - Danish Wind Technology A/S	Ringkøbing, Denmark	tDKK	30,000	100%
Vestas Wind Technology India Pvt Limited	Chennai, India	tINR	1,490,150	100%
Vestas Wind Technology Japan Co. Ltd.	Tokyo, Japan	tJPY	110,000	100%
Vestas Central Europe A/S	**Randers, Denmark**	**tDKK**	**57,000**	**100%**
Vestas Deutschland GmbH	Husum, Germany	tEUR	16,873	100%
Vestas Services GmbH	Husum, Germany	tEUR	47,390	100%
Vestas Benelux B.V.	Rheden, The Netherlands	tEUR	1,362	100%
Vestas Österreich GmbH	Schwechat, Austria	tEUR	7,035	100%
Vestas Czechia s.r.o.	Olivova, Czech Republic	tCZK	200	100%
Vestas Hungary Kft.	Budapest, Hungary	tHUF	500	100%
Vestas Bulgaria EOOD	Sofia, Bulgaria	tBGN	5	100%
Vestas CEU Romania S.R.L	Bucharest, Romania	tRON	570	100%
Vestas Central Europe Zagreb d.o.o	Zagreb, Croatia	tHRK	20	100%
Vestas Slovakia spol S.r.o.	Bratislava, Slovakia	tEUR	5	100%
Vestas Mediterranean A/S	**Randers, Denmark**	**tDKK**	**50,000**	**100%**
Vestas Italia S.r.l.	Rome, Italy	tEUR	3,000	100%
Vestas Hellas Wind Technology S.A.	Athens, Greece	tEUR	510	100%
Vestas Eólica SAU	Madrid, Spain	tEUR	12,680	100%
Vestas France SAS	Montpellier, France	tEUR	5,040	100%
VestasPor Serviços de Tecnología Eólica Lda.	Lisbon, Portugal	tEUR	6,000	100%
Vestas Mexico S.A. de C.V.	Condesa, Mexico	tMXN	156	100%
Vestas do Brasil Ltda.	Sao Paolo, Brazil	tBRL	2,502	100%
Vestas Argentina S.A.	Buenos Aires, Argentina	tARS	66	100%
Vestas Chile Turbinas Eólica Limitade	Santiago, Chile	tCLP	5,080	100%
Vestas Rüzgar Enerjisi Sistemleri Sanayi ve Ticaret Ltd. Sirket	Istanbul, Turkey	tTRY	11,500	100%
Vestas Northern Europe A/S	**Randers, Denmark**	**tDKK**	**100,000**	**100%**
Vestas - Celtic Wind Technology Ltd.	Warrington, England	tGBP	8,200	100%
Vestas Northern Europe AB	Malmö, Sweden	tSEK	1,000	100%
Vestas Poland Sp.z.o.o.	Szczecin, Poland	tPLN	435	100%
NEG Micon UK Ltd.	Cheltenham, England	tGBP	4,000	100%
Vestas Northern Europe (Ireland) Ltd.	Dublin, Ireland	tEUR	2,000	100%
Vestas Offshore A/S	**Randers, Denmark**	**tDKK**	**97,000**	**100%**
Vestas Offshore The Netherlands B.V.	Ijmuiden, The Netherlands	tEUR	18	100%
Vestas Offshore UK Ltd.	Warrington, England	tGBP	11,500	100%
Vestas Offshore Belgium N.V.	Brussels, Belgium	tEUR	62	100%
Vestas Offshore France SAS	Paris, France	tEUR	20	100%

Name	Place of registered office		Share capital	Votes and ownership
Other subsidiaries and associates				
Vestas Spare Parts & Repair A/S	**Randers, Denmark**	**tDKK**	**50,000**	**100%**
Vestas Spare Parts Belgium	Bruxelles, Belgium	tEUR	500	100%
Vestas Spare Parts & Repair UK, Ltd.	Bristol, England	tGBP	1,000	100%
Vestas Spare Parts & Repair, S.L.	Barcelona, Spain	tEUR	3	100%
Vestas Wind Technology (China) Co. Ltd.	Hohhot, China	tCNY	321,799	100%
Vestas India Holding A/S	Randers, Denmark	tDKK	267,110	100%
Wind Power Invest A/S	Ringkøbing, Denmark	tDKK	25,000	100%
Vestas Technology (UK) Limited	Isle of Wight, England	tGBP	90	100%
Vestas Technology R&D Singapore Pte. Ltd.	Singapore, Singapore	tSGD	1,500	100%
Vestas Technology R&D Chennai Pte. Ltd.	Chennai, India	tINR	40,000	100%
Vestas Technology R&D Americas Inc.	Houston (TX), USA	tUSD	1,000	100%
GREP A/S	Randers, Denmark	tDKK	12,000	100%
GREP Svenska AB	Falkenberg, Sweden	tSEK	1,824	100%
GREP USA Inc.	California, USA	tUSD	2,001	100%
GREP Wind Power Inc.	California, USA	tUSD	1,100	100%
Pecsa, Plantas Eólicas De Canarias Sociedad Anónima	Las Palmas, Spain	tEUR	1,496	49.8% [2]
Planta Eólica Europea S.A.	Tarifa, Spain	tEUR	1,199	44.0% [2]
Windco, LLC	California, USA	tUSD	39	38.0% [2]

2) Associates (wind power plants).

The financial information on pages F2 to F53, which has been extracted from the Annual Report 2009 of Vestas Wind Systems A/S, does not include the Management report or the annual accounts of the parent company Vestas Wind Systems A/S. The Annual Report 2009 contains the Independent Auditors' Report provided below.

THE INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF VESTAS WIND SYSTEMS A/S

We have audited the annual report of Vestas Wind Systems A/S for the financial year 1 January to 31 December 2009 which comprises the consolidated financial statements, the parent company financial statements ("the Financial Statements") and the management report. The financial statements comprise statements of income, statements of comprehensive income, balance sheets, statements of changes in equity and notes including significant accounting policies for the Group and the parent company as well as consolidated cash flow statement.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the parent company's financial statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the financial statements and the management report are prepared in accordance with additional Danish disclosures requirements for listed companies.

The audit did not comprise the "Non-financial highlights for the Group" and "Non-financial issues" on pages 7 and 50–60, respectively, in respect of which a separate statement has been issued on page 61.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the above-mentioned legislation and disclosure requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, the management is responsible for preparing a management report that includes a true and fair account in accordance with Danish disclosure requirements for listed companies.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent company's financial statements and to the preparation of a management report that includes a true and fair account in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2009 of the Group and of the results of the Group's operations and consolidated cash flows for the financial year 1 January to 31 December 2009 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies. Moreover, in our opinion, the financial statements give a true and fair view of the financial position at 31 December 2009 of the parent company and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2009 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for listed companies. Furthermore, in our opinion, the management report includes a true and fair account in accordance with Danish disclosure requirements for listed companies.

Copenhagen, 10 February 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Carsten Gerner
State Authorised
Public Accountant

Søren Skov Larsen
State Authorised
Public Accountant

Aarhus, 10 February 2010

KPMG
Statsautoriseret Revisionspartnerselskab

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State Authorised
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Torben Ahle Pedersen
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