

Press release from Vestas Wind Systems A/S

Randers, 28 July 2009
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Update on the situation at Vestas' blade factory on the Isle of Wight, UK

On 28 April 2009, Vestas announced it expected to lay off approximately 1,900 employees at the company's production units in Northern Europe, primarily in Denmark and UK, as part of a wider capacity reduction strategy in Northern Europe.

The announcement was made in response to conditions in the Northern European markets not having met the company's expectations. The current market conditions are caused by the credit crunch, weak currencies and a lack of local political action in certain markets. At the same time, Vestas is investing in a significant production base in the US. The expansion in the US has created substantial excess production capacity in Northern Europe, which has so far also manufactured turbines for the US market. Unfortunately, demand on the Northern European market cannot absorb the excess capacity.

This has had a serious impact on the company's blade factory on the Isle of Wight, UK as in recent years all the blades for the V82 turbine produced here have been exported to the US.

Due to the company's expansion in the US, Vestas announced plans in August 2008 to convert the production at the factory on the Isle of Wight from 40-metre blades for the V82 turbine to 44-metre blades for the V90 wind turbine, a turbine which is particularly well-suited for the UK onshore and offshore market. The decision followed the UK government's announcement on 26 June 2008 of its plan for how to ensure the country would meet its obligation under the EU target of achieving 20% renewable energy by 2020.

Despite the UK government's strong commitment to renewable energy – which was reconfirmed on 15 July 2009 by its Low Carbon Transition Plan – the local planning process for the construction of new onshore wind power plants in the UK remains an obstacle to the development of a more favourable market for onshore wind power. Since offshore wind power is still on a project basis, a large and stable market for onshore wind power is vital to secure a stable production flow.

As a result of the current market conditions in Northern Europe and the planning process in the UK, Vestas has decided not to move forward with its plans to convert the factory into the production of 44-metre blades. The company initiated consultation with employee representatives at the blade factory on the Isle of Wight on 30 April 2009 about the future of the factory.

Vestas is now conducting the final consultations with its employees. However, the occupation currently taking place at the company's blade factory, constituting industrial action on the part of employees participating in it, continues to cause difficulties for Vestas in conducting these consultations in an orderly manner. Since the occupation began on Monday 20 July, Vestas has made several attempts to encourage the employees participating in the occupation to discontinue their participation. Vestas has also explained to the employees concerned the potential consequences of their actions if they were to refuse to discontinue their participation. Today, Vestas therefore, unfortunately, saw no other choice than to dismiss the 11 employees, who the company has positively identified as the employees currently participating in the occupation of the factory.

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Vestas proceeds with its already announced plans to expand its existing research and development activities on the Isle of Wight by making significant investments in a new blade technology centre on the island. The centre will be capable of designing, manufacturing prototypes and testing the world's largest wind turbine blades and is scheduled to open in 2011. Today, the centre employs a staff of 110 which is expected to grow to about 150 by the end of the year. Vestas is grateful to the UK government for its intended grant support to Vestas Technology UK Ltd.'s research and development centre on the Isle of Wight which is crucial for facilitating this expansion.

The UK market has very favourable wind conditions. If this market develops into a strong and stable market, Vestas will consider investing in new manufacturing capacity in the UK as stated in Vestas' announcement of 28 April 2009.

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

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