

Company announcement from Vestas Wind Systems A/S

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Share-based incentive programme 2017

The Board of Directors of Vestas Wind Systems A/S has decided to continue the share-based incentive programme for all participants, including the Executive Management, and launch a new programme for 2017 based on the terms and conditions governing the restricted performance share programme for the year 2016, cf. Vestas' remuneration policy and general guidelines for incentive pay.

The share-based incentive programme follows the structures of the previous programme and will still be based on restricted performance shares. The programme has a performance period of three years and a performance measurement based on financial key performance indicators as well as commercial targets as defined by the Board of Directors.

Participants	<p>The Executive Management and other specified senior management level positions.</p> <p>The programme for 2017 includes approximately 200 participants.</p>
Number of shares	<p>The number of shares to be granted is based on a defined target level for each position. No payments for any grants are made by the participants. If all KPIs are reached on target level, a total of 310,000 shares will be granted from the programme with a total present value calculated based on the current share price amounting to EUR 24.5m (value at close of Nasdaq Copenhagen on 2 May, 2017). For 2017, the target number of shares for the Executive Management will be 86,000 shares in total.</p> <p>The actual number of restricted performance shares available for distribution may range between 0 and 150 percent of the target level and is determined by Vestas' performance in the financial years 2017, 2018 and 2019. The maximum grant of shares under the programme in total is 465,000 shares based on full performance achievement.</p>
Time of grant	<p>The shares are to be granted in 2020 and 2022.</p>

Key Performance Indicators	The KPIs for all three performance years are based on financial targets including Earnings per share, Return on Capital Employed, Vestas Group market share, as well as commercial targets for relevant participants. All KPIs and targets are defined by the Board of Directors.
Conditions	The restricted performance shares are governed by the specific terms and conditions of the programme and subject to mandatory law. If a participant chooses to leave Vestas before the time of grant, the participant's rights to receive shares will generally lapse.
Adjustments to the programme	The number of shares available for grant and the calculation of the key performance indicators may be adjusted in the event of certain changes in Vestas' capital structure. In addition, calculation of the key performance indicators may be adjusted for certain non-operational events. Further, in the event of a change of control, merger, winding-up or demerger of Vestas, an accelerated grant may extraordinarily take place. In the event of certain transfers of activities or changes in ownership interests within the Vestas Group, adjustment, replacement of the programme and/or settlement in cash of the programme entirely or partly may also take place.

The Board of Directors has resolved to initiate the use of the key performance indicator, Return on Capital Employed (ROCE). ROCE will replace the use of Return on Invested Capital (ROIC) as it is considered a more appropriate KPI for long-term performance management purposes. For the KPI Vestas Group market share, the Board of Directors has decided to adjust the measurement to a relative revenue comparison against competitors to more accurately reflect the Vestas vision to be the global leader in sustainable energy solutions.

Both KPI adjustments will be applied to all three programmes with the active performance year 2017 – i.e. the share-based incentive programmes for the years 2015 (Company announcement No. 16/2015) and 2016 (Company announcement No. 17/2016), as well as the 2017 programme published in this announcement.

The granting of shares under the 2015 and 2016 programmes based on ROIC for the performance years 2015 and 2016 will remain unchanged.

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