

## News release from Vestas Wind Systems A/S

Aarhus, 12 January 2012

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### **Vestas increases customer focus and reduces costs**

*Globally, Vestas expects to lay off 2,335 employees by ceasing manufacturing at a factory, merging production units and centralising administrative functions. Additional cost reductions are being prepared as a result of the market development, primarily in the USA.*

Today, Vestas has disclosed a company announcement (No. 3/2012) outlining its organisational changes. The changes will support an increased focus on customers, make the production more efficient and reduce the Group's fixed costs by ceasing manufacturing at a factory, merging production units and further centralise administrative functions.

President and CEO Ditlev Engel will today inform Vestas' employees about the new organisation including the resulting proceedings that need to be followed according to labour legislation on redundancies.

As mentioned in the company announcement, Vestas aims to reduce fixed costs by more than EUR 150m, with full effect as from the end of 2012. Layoffs are expected in a number of countries, and negotiations with relevant employee associations will be initiated.

Vestas' President and CEO will present the background for and the objectives of the reorganisation at a press conference today, 12 January 2012 at 2:00 p.m. CET, at the Radisson Blu Royal Hotel in Copenhagen, Denmark.

Vestas expects to lay off 2,335 employees of which 1,300 will be in Denmark. On a global scale, the number is distributed on 735 hourly-paid employees and 1,600 salaried employees. In Denmark, the distribution is expected to be approx 550 hourly-paid employees and approx 750 salaried employees.

President and CEO Ditlev Engel comments on the announced redundancies:

*"I am truly sorry that we have to say goodbye to so many skilled and loyal Vestas colleagues. The expected layoffs are one of many steps that we now take in order to bring down costs allowing continuous development of our products and services and optimising our already global presence in a highly competitive wind energy market."*

After the expected layoffs Vestas will employ approx 20,400 globally, hereof 5,300 in Denmark.

The reason behind the extent of the redundancies is partly a wish to improve and streamline Vestas and partly due to external factors, in particular, the economic downturn in the OECD countries.

*"Vestas is in fact the only global player in the wind power industry and in several of our markets, we experience that the economic crisis delays and complicates the necessary transformation towards a more sustainable supply of energy," says Ditlev Engel.*

The staff reduction should also be seen in the light of the necessity of preparing Vestas for a future downturn in the US wind energy market.

*"We are now preparing Vestas for the situation where one of our largest single markets, the USA, may be facing a tough 2013. This will have a huge impact on our business, if we do not act now,"* Ditlev Engel says and refers to the expiration of the current US Production Tax Credit (PTC) scheme on 31 December 2012.

Despite the necessary reduction of costs, the activity level in Vestas' production is currently high. It may seem like a paradox, but it is due to the fact that Vestas is producing at full speed for installation of wind power systems in the USA before the PTC expires.

In addition to the announced layoffs in the coming months, Vestas prepares for a potential slowdown in the US in case the PTC is not extended. This can result in layoffs of an additional 1,600 employees at the factories in the USA. The decision will be made during 2012.

*"We will continuously adjust Vestas according to the most active markets so that we, in the most efficient way, take advantage of the fact that we are a global company. This is also why we may have to further reduce capacity and costs later in 2012. There is nothing wrong with the quality of our employees' efforts or our products in the markets where we will lay off employees or close down factories. But obviously, we have to operate where the markets are. With that strategy, over the years, we have been able to develop the very strong position which we hold today in a number of interesting growth markets,"* Ditlev Engel says.

According to Ditlev Engel it is understandable if the Danish public perceive Vestas as a company that has treated its employees with an iron fist – with three rounds of layoffs in three years.

*"I can certainly understand if employees as well as people outside Vestas consider us to be in a state of crisis. The challenges we have faced in the fourth quarter of 2011 have given us a credibility problem. It is not undeserved. We have to work our way out of this situation and the only way we can do that is by proving that we with our global presence, high customer satisfaction and the industry's best performing wind power systems will come out stronger after the elimination race which is currently taking place within the renewable energy sector,"* Ditlev Engel says.

The President and CEO looks forward to starting the implementation of the new and improved organisation and by this, bringing clarity among the employees, hourly-paid as well as salaried employees, who are leaving Vestas. Ditlev Engel describes the employees as "extraordinarily dedicated, loyal and proud of working at Vestas."

This is backed by the fact that 94 per cent of the employees participated in the recent employee satisfaction survey, and the satisfaction rate increased from 67 to 68 - despite the fact that the survey was conducted after the announcement in November 2011 when it was first mentioned that Vestas should reduce its number of employees. The sick leave among all Vestas employees is on an average of 2.3 per cent.

*"We have received more than 6,000 constructive comments in our internal employee satisfaction surveys. I am proud of that, but it only makes this staff reduction even harder to carry out,"* Ditlev Engel says.

*"It shows to me that Vestas has an extremely strong foundation to build on."*

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A press conference will be held today, 12 January 2012 at 2.00 p.m. CET, at the Radisson Blu Royal Hotel in Copenhagen, Denmark. President and CEO, Ditlev Engel, will present the new organisation and the background for and the purposes of the changes. After the presentation, it will be possible to ask questions, in plenum as well as during one-on-one interviews.

**Notes to the news desk:**

On 12 January 2012, Vestas has disclosed a company announcement and two news releases. The news releases are, in particular, dealing with layoffs (this news release) as well as the organisational changes and Vestas' focus areas going forward.

All three announcements are available in English and Danish at [vestas.com](http://vestas.com) and [vestas.dk](http://vestas.dk), respectively.

To get an overview of the number of layoffs which are expected to be carried out in the various countries, please see company announcement No. 3/2012, which is available at [vestas.com](http://vestas.com).

**Note:**

Out of consideration for the need to inform Vestas' employees, it will not be possible for President and CEO, Ditlev Engel to speak with any representatives from the media before the press conference at 2 p.m. CET.

**Contact details in case of questions regarding the layoffs:**

President, Vestas People & Culture, Roald S Jakobsen through Peter Christensen, tel.: +45 2546 3836..

**Contact details (after approx 4 p.m. CET) for media representatives not attending the press conference:**

President and CEO, Ditlev Engel through Kristian Skipper-Pedersen, tel.: +45 4161 0344.  
Director, Group Communications, Michael Holm, tel.: +45 4083 6698.