

# Corporate Governance report 2010

## **Declaration of conformity by the Management Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act**

The recommendations set out by the Government Commission on the German Corporate Governance Code (up to 26 May 2010 in the version from 18 June 2009 and from 27 May 2010 in the version from 26 May 2010 – German Corporate Governance Code), published by the German Federal Ministry of Justice in the official part of the electronic Bundesanzeiger, were conformed to in the 2010 financial year by the Management Board and the Supervisory Board of Nordex SE, save for the exceptions described below. This will also continue to be the case in the future unless changes are intended in the individual segments.

### **2.3.3 Postal vote**

The company has refrained from implementing the recommendation in Section 2.3.3 Sentence 1 Point 1 of the German Corporate Governance Code, because the bylaws do not provide for a postal vote. A change in the company's bylaws to create the option for a postal vote is to be proposed at the next Annual General Meeting.

### **2.3.4. Transmission of the Annual General Meeting**

Nordex has not offered any transmission of the Annual General Meeting up to now via modern communication media (e.g. the Internet) and has not adopted this recommendation. Due to legal reasons, the transmission of the speeches from the company's Management Board, Supervisory Board and the Chairman of the Annual General Meeting would be limited and would exclude the actual debate and, currently, also the voting process. It is the view of the company that access to the speeches named above can be provided less expensively and more easily via other communication channels. To date, the company has received no indication that a majority of the shareholders are in favour of online transmission of the speeches from the company's management.

### **3.8 D&O insurance**

In 2010, Nordex waived a deductible on the D&O insurance (directors and officers third-party liability insurance) for members of the Supervisory Board and, until 30 June 2010, for Management Board as well. This is because it is convinced that the members of these two bodies are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible on D&O cover. In addition, the inclusion of a reasonable deductible would not have any effect on the insurance premium.

The "Act on Appropriate Management Board Compensation" (VorstAG), which came into effect on 5 August 2009, adds to the German Stock Corporation Act a new provision in the form of Section 93 (2)

Sentence 3 stipulating a minimum deductible for members of the Management Board. Nordex complied with this statutory obligation when it renewed the existing D&O cover, which takes effect as of 1 July 2010. A deductible will continue to be waived for the members of the Supervisory Board for the reasons set out above.

#### **4.2.3, 4.2.4 and 4.2.5. Individual breakdown of Management Board compensation**

As the Company's shareholders have made use of their right under Section 286 (5) of the German Commercial Code and passed a resolution dispensing with the individualised disclosure required by Section 285 (1) No. 9 a Sentences 5–9 and Section 314 (1) No. 6 a) Sentences 5–9 of the German Commercial Code of the total compensation paid to the members of the Company's Management Board for a period of five years commencing on 1 January 2006, i.e. up to and including the 2010 financial year, Nordex continues to refrain from individualising the compensation paid to members of the Management Board, including benefits received by third parties in consideration of the performance of their duties in this capacity and also refrains from creating a compensation report, which would explain the compensation system in a generally understandable form. The Company does not believe that the details of the compensation system constitute information of central importance for the capital markets.

#### **5.1.2 and 5.4.1 Fixed age limits for the Management Board and the Advisory Board**

Contrary to the recommendations in both Section 5.1.2 (2) Sentence 3 and Section 5.4.1 (2) Sentence 1 of the German Corporate Governance Code, Nordex has no fixed age limit for membership of the Management Board and Advisory Board. Age alone does not say anything about the capabilities of a current or potential member of the Management Board or Advisory Board. Therefore, Nordex SE does not consider strict age limits, which also limit the company's flexibility in making personnel decisions and the number of possible candidates, to be a sensible measure.

#### **5.1.2 and 5.4.1 Aim of achieving an appropriate consideration of women; designating concrete goals for the composition of the Supervisory Board**

The Supervisory Board does not comply with the recommendation in Section 5.1.2 in the respect that the filling of positions on the Management Board is exclusively guided by the qualifications of the persons available and the sex of the candidates is not given a position of priority in the decision-making process. The company also deviates from Section 5.4.1 of the German Corporate Governance Code.

The Supervisory Board takes the view that the current method for filling positions on the Supervisory Board is sensible and appropriate for the current situation of the company. Any further designation of concrete goals for the composition of the Supervisory Board is not considered sensible and this represents, therefore, a clear deviation from the German Corporate Governance Code. The Supervisory Board has been exclusively guided in the selection of its proposed candidates, in accordance with the relevant legal regulations, by the interests and requirements of Nordex SE and the individual qualifications of the candidates. A report on objectives in terms of diversity in the corporate governance

report is therefore superfluous.

You can find earlier declarations of compliance from Nordex SE that are no longer currently valid under [www.nordex-online.com/de/investor-relations/corporate-governance.html](http://www.nordex-online.com/de/investor-relations/corporate-governance.html).

The following additional statements according to the code for the corporate governance report are provided below:

#### **5.4.6 Compensation of the Supervisory Board**

Each member of the Supervisory Board is entitled to fixed remuneration of EUR 15,000 in consideration of the performance of their duties for each full year in which they are members of the Supervisory Board, plus reimbursement of all costs incurred in the performance of their duties. In addition, each member of the Supervisory Board receives variable compensation calculated according to the proportion of the consolidated net profit less net financial result (EBIT) in consolidated sales (EBIT margin) for the year in question. The individualised compensation paid to members of the Supervisory Board is set out in the Company's bylaws ([www.nordex-online.com/de/investor-relations/veroeffentlichungen.html](http://www.nordex-online.com/de/investor-relations/veroeffentlichungen.html)). The Chairman of the Supervisory Board receives twice, and his deputy one-and-a-half times, the sum total of the fixed and variable compensation.

#### **6.6. Shareholdings of members of the Management Board and Advisory Board**

On the balance sheet date, the following members of the Management Board held the following shareholdings in the company over 1%:

Thomas Richterich (Chairman of the Management Board)  
directly held 545,734 shares

Dr. Eberhard Voß (Chief Technical Officer) directly  
held 1,000 shares.

Jan Klatten, Member of the Supervisory Board, held the following shares as of 31 December 2010:  
1,222,358 shares (corresponds to 1.82%) via a share in momentum capital Vermögensverwaltungsgesellschaft mbH, and 15,488,658 shares (corresponds to 23.17%) via a share in Ventus Venture Fund GmbH & Co. Beteiligungs KG.

Carsten Pedersen, the former Member of the Management Board and current Member of the Supervisory Board, holds 372,100 shares via a 50% holding in CJ Holding ApS.

Dr. Dieter G. Maier, Member of the Supervisory Board, held a total of 10,000 no-par-value shares on the balance sheet date 31 December 2010, which he sold on 15 February 2011.

### **7.1.3 Disclosures on stock option programme**

At the Annual General Meeting held on 27 May 2008 a resolution was passed to create Contingent Capital II in an amount of EUR 1,500,000. It is used solely to settle subscription rights under the stock options granted to executives and employees of the Company and the domestic and non-domestic members of the Nordex Group, members of the management bodies of the Nordex Group companies and members of the Company's Management Board granted on or before 31 December 2012, in accordance with the authorization granted by the shareholders at the Annual General Meeting on 27 May 2008, for the purposes of motivating them and bonding them to Company and the Nordex Group.

A maximum of 1,500,000 options are to be granted under the option plan. Of these options,

(a) a maximum of 550,000 are to be granted to executives and employees of the Company as well as domestic and non-domestic Nordex Group companies who are not members of the management bodies of the Company or any of the Nordex Group companies,

(b) a maximum of 100,000 to members of the management bodies of domestic and non-domestic Nordex Group companies who are not members of the Company's Management Board, and

(c) a maximum of 850,000 to members of the Company's Management Board.

The individual entitled persons within the abovementioned groups and the volume of the options to be granted to them are determined by the Management Board within the scope of the terms and conditions for the grant of options. In doing so, it takes account of the individual performance and capabilities of the individual entitled persons. The eligible persons among the members of the Company's Management Board and the volume of subscription rights to be offered to them are determined at the due discretion of the Supervisory Board in light of eligible parties' individual performance and capabilities and, in particular, in the interests of binding such members of the Management Board to the Company who are otherwise not directly or indirectly involved in the Company as a result of third-party services with respect to their activity on the Management Board.

Subject to an adjustment as a result of a corporate measure, one option entitles the holder to acquire one bearer share issued by Nordex AG in accordance with terms of the stock option programme. When the option is exercised, an exercise price per share is paid unless the Company waives its right to request cash settlement. There is no legal or constructive cash settlement obligation on the part of the Company towards option holders.

The exercise price equals the arithmetic mean of the Xetra closing prices as quoted on the Frankfurt Stock Exchange (or any replacement system comparable in terms of its function) over the previous ten

trading days for Nordex ordinary voting shares with full participation in the Company's profit and assets.

The options vest no earlier than three years upon being granted, and are forfeited if the employment contract expires within this period. The options may only be exercised during two windows per year ("exercise period") in the following two years. The exercise periods are as follows:

- the first 28 days after the day on which the Company announces its final results for the previous year
- the first 28 days after the day on which the Company announces its final results for the second quarter of the current year.

The options may only be exercised if the price of Nordex ordinary shares on the ten trading days preceding the date on which the option is exercised exceeds the exercise price of the option in question by at least 20%.

In the 2010 financial year, the Nordex Group offered 50,000 stock options to employees, of which 100% were accepted. In 2009 and 2008, employees of the Nordex Group were offered 279,775 and 989,112 stock options, respectively, of which 243,484 and 813,221 stock options were accepted in these years.

The exercise price for the 2010 instalment stands at EUR 5.26 per stock option, EUR 12.84 for the 2009 instalment and EUR 23.10 for the 2008 instalment. None of the options issued in 2010 have been forfeited. Of the 2009 and 2008 instalments, 2,650 and 438,510 options have been forfeited, respectively. Accordingly, 665,545 stock options were outstanding as of the balance sheet date, none of which have vested.

### Directors' dealings

In the period under review, members of the Management Board and the Supervisory Board engaged in the following transactions with Nordex stock of which they informed Nordex immediately.

Date	Person Position	No. of Share Action	SCN Stock Exchange	Price p. Share Nom. amount
12-22-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	7,500 buy	DE000A0D6554 Xetra	5.21380 Euro 39,103.50 Euro
11-17-2010	Nordvest A/S Legal entity in relation with member of supervisory board	103,304 sell	DE000A0D6554 Frankfurt	5.098 Euro 526,643.79 Euro
11-	Nordvest A/S	895,720	DE000A0D6554	5.0446 Euro

16-2010	Legal entity in relation with member of supervisory board	sell		Frankfurt	4,518,549.11 Euro
11-16-2010	Carsten Pedersen Member of supervisory board	30,463 sell		DE000A0D6554 Frankfurt	5.45 Euro 166,023.35 Euro
11-15-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	122,080 buy		DE000A0D6554 Xetra	5.5544 Euro 678,081.15 Euro
11-12-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	77,920 buy		DE000A0D6554 Xetra	5.7188 Euro 445,608.90 Euro
11-11-2010	Thomas Richterich CEO	10,000 buy		DE000A0D6554 Xetra	5.6996 Euro 56,996.00 Euro
10-05-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	11,965 buy		DE000A0D6554 Xetra	6.7763 Euro 81,078.43 Euro
10-04-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	31,349 buy		DE000A0D6554 Xetra	6.7275 Euro 210,900.40 Euro
10-01-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	26,579 buy		DE000A0D6554 Xetra	6.7574 Euro 179,604.93 Euro
09-30-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	84,337 buy		DE000A0D6554 Xetra	6.6712 Euro 562,628.99 Euro
09-29-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	99,084 buy		DE000A0D6554 Xetra	6.7535 Euro 669,163.79 Euro
09-29-2010	Nordvest A/S Legal entity in relation with member of supervisory board	273,297 sell		DE000A0D6554 Frankfurt	6.775 Euro 1,851,587.18 Euro
09-28-2010	Nordvest A/S Legal entity in relation with member of supervisory board	275,287 sell		DE000A0D6554 Frankfurt	6.815 Euro 1,876,080.91 Euro

09-27-2010	Nordvest A/S Legal entity in relation with member of supervisory board	24,713 sell	DE000A0D6554 Frankfurt	7.012 Euro 173,287.56 Euro
09-22-2010	Nordvest A/S Legal entity in relation with member of supervisory board	127,094 sell	DE000A0D6554 Xetra	7.10 Euro 902,596.17 Euro
09-21-2010	Nordvest A/S Legal entity in relation with member of supervisory board	172,906 sell	DE000A0D6554 Xetra	7.352 Euro 1,271,204.91 Euro
08-30-2010	Dr. rer. nat. Dieter Maier Member of supervisory board	10,000 buy	DE000A0D6554 Frankfurt	7.13 Euro 71,300.00 Euro
08-27-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	13,774 buy	DE000A0D6554 Xetra	6.9299 Euro 95,452.44 Euro
08-26-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	32,000 buy	DE000A0D6554 Xetra	6.8933 Euro 220,585.60 Euro
08-25-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	60,240 buy	DE000A0D6554 Xetra	6.881 Euro 414,511.44 Euro
08-24-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	45,418 buy	DE000A0D6554 Xetra	7.0368 Euro 319,597.38 Euro
08-23-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	31,105 buy	DE000A0D6554 Xetra	7.0758 Euro 220,092.76 Euro
08-20-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	83,609 buy	DE000A0D6554 Xetra	7.0434 Euro 588,891.63 Euro
08-19-2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	23,702 buy	DE000A0D6554 Xetra	7.3249 Euro 173,614.78 Euro
08-18-	Ventus Venture Fund GmbH & Co.	50,000 buy	DE000A0D6554 Xetra	7.3209 Euro 366,045.00

2010	Beteiligungs KG Legal entity in relation with member of supervisory board				Euro
08- 17- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	5,914 buy		DE000A0D6554 Xetra	7.381 Euro 43,651.23 Euro
05- 26- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	14,893 buy		DE000A0D6554 Xetra	6.9901 Euro 104,103.56 Euro
05- 25- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	87,495 buy		DE000A0D6554 Xetra	6.8045 Euro 595,359.73 Euro
05- 24- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	132,500 buy		DE000A0D6554 Xetra	7.0627 Euro 935,807.75 Euro
05- 21- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	145,000 buy		DE000A0D6554 Xetra	7.0399 Euro 1,020,785.50 Euro
05- 20- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	395,000 buy		DE000A0D6554 Xetra	7.133 Euro 2,817,535.00 Euro
05- 19- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	475,000 buy		DE000A0D6554 Xetra	7.11 Euro 3,377,535.00 Euro
05- 18- 2010	Ventus Venture Fund GmbH & Co. Beteiligungs KG Legal entity in relation with member of supervisory board	2,500 buy		DE000A0D6554 Xetra	7.16 Euro 17,900.00 Euro
04- 23- 2010	Thomas Richterich CEO	23,291 Sale of shares by CMP Fonds I GmbH in favour of Thomas Richterich which were held via a dormant sub- participation in CMP Fonds I GmbH		DE000A0D6554 off market	8.4500 Euro 196,808.95 Euro
04- 22- 2010	Thomas Richterich CEO	76,937 Partial conversion of an indirect participation in direct shareholding		DE000A0D6554 off market	not quantifiable not quantifiable

02- 25- 2010	Thomas Richterich CEO	105,915 partial conversion of an indirect participation in direct shareholding	DE000A0D6554 off market	not quantifiable not quantifiable
02- 25- 2010	Thomas Richterich CEO	332,882 buy	DE000A0D6554 off market	9.09 Euro 3,025,897.38 Euro
01- 15- 2010	CJ Holding ApS legal entity in relation with member of management board	5,800 sell	DE000A0D6554 Xetra	11.05 Euro 64,090.00 Euro
01- 14- 2010	CJ Holding ApS legal entity in relation with member of management board	110,000 sell	DE000A0D6554 Xetra	11.032 Euro 1,213,520.00 Euro